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# FINANCIAL TIMES

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## WORLD NEWS

### Resignation row looms in Israel

Mr Yitzhak Shamir, leader of Israel's right-wing Likud party, could face delay in his return as Prime Minister because the Labour Alignment refuses to allow Mr Yitzhak Modai, the maverick Likud politician, to rejoin the Cabinet.

A series of spectacular quarrels with Mr Shimon Peres, who has just resigned as Prime Minister to clear the way for Mr Shamir's return, led to his forced resignation this summer. Page 3

### US 'blackmail' charge

The US "blackmail" the Government into signing the Hillsborough agreement on the future of Northern Ireland, said Enoch Powell, Official Unionist MP for South Down. Page 3

### Girls found murdered

Nicola Fellowes, 10, and Karen Hadaway, 9, of Brighton, who had been missing since Thursday night, were found murdered in a woodland beauty spot only yards from their homes. Page 13

**Honduran cocaine haul**

Honduran authorities who captured an aircraft loaded with \$100m (£70.2m) worth of cocaine said Nicaragua's Sandinista government was involved in the shipment.

### Swiss tourist freed

A Swiss tourist, freed after being kidnapped almost three months ago by Moslems in the Philippines, said he had been badly treated and sexually abused. Page 27

### Chilean opposition rally

A rally and march by opponents of General Augusto Pinochet's Chilean regime — the first since the state of siege was imposed last month — will take place today in Punta Arenas, with permission from the local military governor. Page 2

### Italian protest

The Italian Government protested to Tripoli over a statement in which Libyan leader Muammar Gaddafi called Italy "enemy number one." Page 4

### Independent sales good

The Independent, the new national newspaper, has sold more than 500,000 copies per day in its first week and has ordered the full 650,000 print run for Monday. Page 4

### Runaway train halted

A quick-thinking signalman prevented a potential disaster when he leapt aboard a runaway driverless train leaving Liverpool Street station London with 50 passengers on board and brought it to a halt. Page 2

### £3.5m rent for ILEA

Labour-run Inner London Education Authority is to be charged about £3.5m next year for staying at County Hall, former property of the Greater London Council. Page 10

### Tennis tantrum costs

Tennis star Martina Navratilova, who ripped a camera from a photographer and exposed his film after losing the 1982 US Open quarterfinals, has been ordered by a New York state court to pay him \$50 (£35) instead of the \$2m he demanded. Page 4

### Load of trouble

Bus company clerk Tim Morel, 27, who sent inspector Richie Young seven tons of horse manure, three tons of coal and a lorry load of concrete after a row over bus timetables, was jailed by Blackwood, Gwent, magistrates for two months. Page 11

## MARKETS

### DOLLAR

New York lunchtime:  
DM 1.6987  
FF 6.511  
SF 1.6193  
Y154.35  
London: DM 1.9865 (2.0055)  
FF 6.5075 (6.5575)  
SF 1.6118 (1.63)  
Y154.4 (154.9)  
Dollar index 109.2 (109.6)  
Tokyo close Y154.25

### US LUNCHTIME RATES

Fed Funds 5.75%  
3-month Treasury Bills:  
yield: 5.46%  
Long Bond: 9.54%  
yield: 7.64%

### GOLD

New York: Comex Dec latest:  
\$435.1  
London: £431.525 (\$433.375)

Chief price changes yesterday

### STERLING

New York lunchtime: £1.4244  
London: £1.4235 (1.4210)  
DM 2.9775 (2.95)  
FF 9.33 (9.2325)  
SF 2.32 (2.3175)  
Y212.5 (220.25)  
Sterling index 67.6 (67.5)

### LONDON MONEY

3-month interbank:  
closing rate 104% (11)  
NORTH SEA OIL  
Brent 15-day Nov (Argus)  
\$14.25 (14.1)

### STOCK INDICES

FT Ord 1288.4 (-2.7)  
FT-A All Share 789.46 (-0.25)  
FT-SE 100 1,599.4 (-9.2)  
FT-A long gilt yield index:  
High coupon 102.9 (10.38)  
New York lunchtime:  
DJ Ind Av 1,794.29 (-2.5)  
Tokyo: closed

yesterday

Chief price changes yesterday

CONTINENTAL SELING PRICES: Austria Sch 20; Belgium BF 45; Denmark DKr 8; France Fr 24; Germany DM 2.20; Ireland £20; Italy L1,000; Malta 30c

## BUSINESS SUMMARY

### BPCC buys another US publisher

BPCC, Mr Robert Maxwell's printing and publishing group, is making its second big US acquisition in under two weeks with the purchase of Providence Gravure for \$152.5m (£106.4m) cash. BPCC had previously acquired Webb Company publisher for \$117m.

Gravure, which made profits of \$15m in 1985, claims to be one of the largest consumer magazine and commercial publishers in the US. Page 16

**LONDON STOCK** market was dominated by the start of dealing in TSB shares. The rest of the market ended the two-

## WEEKEND

### FT



### CONSERVATION

The World Wildlife Fund has channelled £60m in 25 years of blue-chip sponsorship run on strictly business lines. Page 1

## Superpowers likely to agree on missile reductions

PRESIDENT Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, were yesterday preparing for two days of talks here to determine whether they will be able finally to move towards a nuclear arms control agreement, our Foreign Staff writes.

Although both superpowers have insisted that the meeting is not a formal summit, there are mounting expectations that they will reach an understanding on reducing medium-range nuclear weapons in Europe and Asia.

However, US and Soviet officials stress that such an accord is by no means a foregone conclusion and will depend on progress in other important fields.

Mrs Rosanne Ridgway, US Assistant Secretary of State for European Affairs, said yesterday: "The primary focus will be on the areas of human rights and arms control."

US officials are saying that any agreement on medium range weapons would have to be matched by at least an understanding in principle by the Soviet Union to reduce the number of short range nuclear weapons in Europe. This would take account of the special concerns of America's Nato allies, particularly West Germany.

Mr Gorbachev, who landed with his wife, Raisa, at the Nato base of Keflavik under leaden skies at lunchtime yesterday, immediately demonstrated the communicating skills which have been a hallmark of his leadership.

In sharp contrast to President Reagan, who had made no statement on his arrival on Thursday evening, Mr Gorbachev made a ringing appeal to world opinion in what seemed an attempt to put pressure on the US to reach an agreement.

He said he had come to Iceland "imbued with a sense of the responsibility which the people of the Soviet Union have for the destiny of the world," and that he hoped that similar feelings had brought President Reagan to Reykjavik.

"We are prepared to look for solutions to the burning problems facing the world," Mr Gorbachev said, adding that these "demand actions on the part of the great powers."

The domestic pressure which the US is under to win Soviet

agreement.

Continued on Back Page

Background, Page 2

## Thatcher sets scene for radical manifesto

BY PETER RIDDELL, POLITICAL EDITOR, IN BOURNEMOUTH

MRS MARGARET THATCHER yesterday set the scene for her campaign for a third term in office with a commitment to a bold and radical programme and an impassioned attack on Labour's defence policy.

Closing the Conservative Party conference in Bournemouth, she said only her party had "an effective policy for the defence of the realm". She said: "A Labour Britain would be a neutralist Britain. It would be the greatest gain for the Soviet Union in 40 years. And they would have got it without firing a shot."

Mrs Thatcher's 37-minute speech was greeted by a long and loud standing ovation, rounding off an almost euphoric week in which the Tories had become increasingly confident about their electoral prospects.

Many Tory MPs said that this may have been their last conference before the next election, but yesterday Mrs Thatcher offered only the tauting remark that the manifesto would be completed "within the next 18 months."

She promised that the manifesto would be "a programme for further bold and radical steps in keeping with our most deeply held beliefs. We do best for our country when we are true to our convictions."

Echoing the theme of the week — "the next move forward" — she stressed the forward-looking policies backed by her belief that "the interests of Britain can now only be served by a third Conservative victory."

In some of the strongest language ever used by a prime minister about an opposition party, Mrs Thatcher said Labour's non-nuclear defence

policy would expose Britain to "the threat of nuclear blackmail and there would be no option but surrender."

Labour's approach represented "an absolute break" with post-war policy, she said. "Let there be no doubt about the gravity of that decision. You cannot be a loyal member of Nato while disowning its fundamental strategy."

She warned that Labour's policies would fatally weaken the Atlantic alliance and stressed it is "the strength and unity of the West which has brought the Russians to the negotiating table."

Defence could be a key election issue, according to Conservative leaders, attracting back

Continued on Back Page

Conference reports, Page 6; Politics Today, Page 8; Tory protest BBC, Back Page

## Nigeria to seek \$320m loan in rescheduling plan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

NIGERIA's commercial bank creditors will be asked to lend to the government of President Ibrahim Babangida's \$320m (£220m) under an outline rescheduling plan agreed in London yesterday.

The plan involves a rescheduling of some \$1.5bn in medium-term debt falling due this year and next, and a planned reduction of an estimated \$2bn in arrears on short-term letters

of credit. However, the talks produced a breakthrough on what has been a stumbling block in Nigeria's efforts to restore order to its \$19bn foreign debt.

In a break with tradition on rescheduling arrangements, commercial banks have agreed not to make drawings of their new loan conditional on Nigeria's borrowing from the International Monetary Fund.

Instead, the drawings will be related to payments to Nigeria by the World Bank on the \$450m loan agreed recently under a programme to improve Nigeria's export potential.

Last month Nigeria signed a letter of intent to the IMF which would theoretically allow it to draw SDR 850m (£552m) but it is refusing to touch this money because of the vehement hostility of the Nigerian public to IMF-imposed austerity policies.

However, they were faced with a difficult choice on Nigeria's loans to countries in debt difficulties were normally tied closely to an IMF programme.

However, they did not want to jeopardise the progress Nigeria had made in adjusting its economy, specifically with the introduction of a two-tier foreign exchange market that has led to an effective devaluation of the Naira.

In turn Nigeria has agreed to a rescheduling that is less broad-ranging than it had hoped. It had asked for rescheduling of some \$6bn of debt falling due up until 1990. The maturity of the rescheduling will be shorter than the 12 years Nigeria had sought.

Separately, Nigeria is in the final stages of negotiations for a bridging loan of some \$350m from central banks of leading industrial countries.

Bankers said they were faced with a difficult choice on Nigeria's loans to countries in debt difficulties were normally tied closely to an IMF programme.

Golden Wonder estimates that profits in the year to October 31 will rise to £9m, including £6.5m from the UK crisp business. Net assets of the four companies, at September 30, were about £50m.

Golden Wonder has been diversifying out of its original Australasian trading business in recent years, but the £120m purchase of Gill & Duffus, the commodity house, in May 1985 was followed by large write-offs on tin trading.

The Golden Wonder deal will be financed by a £26.4m vendor placing of 20m new Dalgety shares, with the balance being paid in cash from Dalgety's own resources.

Dalgety was advised by Lazarus Brothers. Hansons has its own corporate finance team.

Dalgety's share price fell 8p yesterday to 260p while Hansons Trust eased 2p to 189p.

Background, Page 4; Lex, Back Page

Picture, Page 10; Lex, Back Page; TSE offer cuts societies' funds, Page 4

## TSB shares open at 100p

BY OUR FINANCIAL STAFF

The scope for 100 per cent profits on the sale of shares in the TSB Group proved short-lived yesterday as the price of the 50p partly-paid shares fell back from an early high of over 100p to 85p at the end of first-day dealing.

The shares opened at 86p amid a blaze of activity and briefly changed hands at 102p. However, few speculators managed to sell at these opening levels, which quickly began to fall back as small selling orders flooded the trading floor.

Downward pressure on the price was increased by the activities of professional traders who "shorted" the stock — that is, sold shares they did not hold in the expectation of being able to buy them later at a lower price.

Although the initial trading was occasionally hectic, the Stock Exchange had pre-empted the new system by inviting Exchange members to register as market makers in TSB stock. Seventeen did so and all were active yesterday, either on the Exchange floor or in their own offices.

The Exchange members were joined by probably two dozen securities dealers — firms licensed by the Department of Trade and Industry to trade in TSB.

The gap between yesterday's peak and the likely opening price on Monday provoked criticism that the start of dealings should have been delayed so that everyone could have started off on the same footing.

However, Lazarus Brothers, the merchant bank sponsoring the issue, said it would have needed a special dispensation from the Stock Exchange to delay the start of dealings beyond the earliest possible date and the result would simply have been to give another three days' trading to the grey, or unofficial, market.

Even at 85p, there were useful gains to be made. Those who applied for £1,000 worth of shares and who were allocated £200 worth, would be showing a gross profit of £142.

The TSB launch, which involved more than 40 market makers, gave the London stock market its first taste of life as it will be after Big Bang. Both the market and the launch

had been diversifying out of its original Australasian trading business in recent years, but the £120m purchase of Gill & Duffus, the commodity house, in May 1985 was followed by large write-offs on tin trading.

## OVERSEAS NEWS

## Italy lodges Libyan protest

By John Wylie in Rome

THE ITALIAN Government yesterday formally complained to the Libyan ambassador to Rome about "the absolutely unacceptable and absurd" verbal attack launched on Italy this week by Colonel Muammar Gadaffi, the Libyan leader.

The Italian protest was delivered at a time when the Government is an uncomfortable target of some domestic criticism for having swapped this week three Libyans convicted for murder or attempted murder for four Italians imprisoned in Libya.

Mr Abu Rahman Sharqawi, the Libyan ambassador, was summoned to the foreign ministry in Rome to receive the note of protest. Colonel Gadaffi's threats, it said, "cannot be tolerated and are firmly rejected."

In a speech at Sirte on Tuesday, the Libyan leader said that "every type of operation" would be launched against Italy if its soil was used by the US as a point of departure for an attack on Libya.

Col Gadaffi also painted a lurid picture of renaissance Italian colonialism. The old enemy, he said, was "still plotting and gazing fondly at our country, wanting to usurp our independence and manipulate our resources."

The force of yesterday's protest was not as great as it might have been. Mr Giulio Andreotti, the Foreign Minister, did not deliver it himself.

In parliament, Liberals are demanding a debate on this week's prisoner exchange while the Radical Party has accused the Government of undermining its own and other European countries' anti-terrorist policies.

## Alsthom to shut down shipyard near Nantes

By Paul Betts in Paris

THE ALSTHOM heavy engineering group is to shut down its Dubigeon yards near Nantes on the Atlantic coast, accelerating closures in the troubled French shipbuilding industry.

The closure is the latest step in the rationalisation of the French civil shipbuilding industry, which is ultimately designed to reduce the number of civil shipyards from five to one at Saint-Nazaire, also owned by Alsthom and 50 miles from Dubigeon.

The conservative French Government, this summer stopped supporting the Normed shipbuilding group, which owns the three other major yards at Dunkirk, La Ciotat and La Seyne, forcing it to file for bankruptcy.

In an effort to encourage new jobs and industries in these three areas, the government this week set up tax-free enterprise zones at La Ciotat and La Seyne on the Mediterranean and at Dunkirk in the north.

The Dubigeon yards employ 730 people compared with 2,700 10 years ago. The workforce was due to be reduced to 580 people by the end of this year.

The closure of the yards is expected to lead to further cuts although a number of employees are expected to be transferred to Saint-Nazaire where Alsthom intends to regroup its shipbuilding activities.

Alsthom, which is controlled by the nationalised Compagnie Générale d'Électricité (CGE), is also planning to reduce its workforce by 2,276 people next year. Alsthom currently employs about 35,000 people excluding its subsidiaries. The new job cuts are being opposed by the pro-Communist CGT.

At Saint-Nazaire, where Alsthom employs 4,500 people, the company has sought to specialise in high value-added projects,

## Summit gladiators reach early compromise

By ROBERT MAUTHNER IN REYKJAVIK

THE gladiatorial contest this weekend between President Ronald Reagan and Mr Mikhail Gorbachev has run into early difficulties because of the modest bathroom facilities of the house in which they are meeting.

The Icelanders are proud of the clapboard Hofdi mansion built by the French consul-general in Reykjavik in 1909 and which reflects the bourgeois tastes of the diplomat's Norwegian wife.

In 1938, Hofdi became the residence of the British consul, Sir Winston Churchill and Marlene Dietrich stayed there during the Second World War though not, apparently, at the same time. It is even reputed to be haunted by the girl friend of a former owner, the poet and international entrepreneur Einar Benediktsson, who died in 1961.

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in 1940 and is reputed to have sold the Northern Lights to an American businessman.

President Reagan will, no doubt, appreciate the private enterprise of Mr Benediktsson and praise his virtues to Mr Gorbachev. But the US president is only human and will have to interrupt his discussions now and then to go to the bathroom. Such an eventuality created an immediate problem for the American and Russian advance guards.

Reykjavik's chief legal counsel, Mr Magnus Oskarsson, who has been acting as the Hofdi caretaker, told journalists there had been some discussion about which side should have the better loo.

In the end, a Soviet official made the untypical but eminently reasonable comment: "This is ridiculous," and a compromise auguring well for the

rest of the meeting was concluded. Both sides could use either bathroom, a solution which could lead to even more secret negotiations without their advisers.

The room in which the two leaders will be meeting is situated on the ground floor of the Hofdi and is described by those who have seen it as "a modern Danish-style sitting room."

Mr Reagan will be facing north, with a direct view of the bay through the window. "But his view will be obstructed by a large white vase," according to a Press pool report. It is hoped the two leaders will nevertheless get a chance to look at each other, for Mr Gorbachev "will look straight ahead at a dark blue oil painting on the wall, a seascape of waves crashing onto the rocks." This does not provide much variety for

the Soviet leader, because he is reported to be spending his nights on a Soviet ship in the harbour.

The two leaders' meeting has been matched by an almost equally heroic battle between two of Reykjavik's biggest hotels—the Saga, housing the Soviet press centre, and the Lofdelidir, location of the White House accredited press.

Thousands of journalists stream towards these two places more than a mile apart from the only private homes in which they are billeted, rather like the old Norsemen used to converge periodically on the Althing, the oldest parliament in the world. There is only one difference: the old Norsemen knew they would get a hearing, but the US press centre is closed to all except journalists accredited to the White House in Washington.



Reykjavik

three years of a seven-year labour camp sentence, was unexpectedly released.

Security surrounding the summit has so far been conspicuous by its absence. The Icelanders say it is being assured by an anti-terrorist unit known as the "Viking Squad," which is only 15-man strong. When really pressed, they admit that that is probably not enough and that they have received help from the US and the Soviet Union.

## Murdoch launches battle of TV giants

By Roderick Oram in New York

MR RUPERT MURDOCH inaugurated his US television network with a late night chat show on which Elton John looked like an Ealing actress in fancy dress.

Hosted by Joan Rivers, the raucous, vulgar comedienne and protege of Johnny Carson, king of chat shows, the programme on Thursday night is the flagship of Fox Broadcasting Company, the Australian-born media mogul's \$2bn (£1.4bn) challenge to ABC, CBS and NBC.

Ms Rivers seemed a little overcome by the enormity of the moment as she breathlessly bombarded Elton John and other more flamboyant guests with questions heavily laden with sexual innuendo. From time to time she gave her Dynasty-sized shoulder pads a nervous double-handed hitch.

Students of her form were disappointed. As one TV viewer said "yakety, yakety yak" the hitch is back—but considerably less bitchy than we've seen before... there was far more gush than guts."

Plotting to overthrow the king is enough to put anyone off their stride. A few miles away across Hollywood from Ms Rivers' live broadcast studio, Mr Carson was playing his studio and home audience, as skillfully as ever.

"Tonight there's lots of big confrontations: Reagan vs Gorbachev, the Mets vs the Astors, me vs 'The Honeymoons' last episodes," he said in his opening monologue, hallmark of his style.

Mr Carson has seen off a string of late-night competitors in years. Millions of Americans have tuned in many more up in bed gazing heart-eyed over their toes at him.

Once upon a time the comedian was the king's protege and his favourite stand-in. But relations turned acrid when Rivers sought independence.

Last night Mr Carson delivered an elaborate eulogy to Baby, a chicken, born 1945, died 1986. This was open to wide misinterpretation by the uninitiated. At a rough guess Ms Rivers is 42.

Fox says Ms Rivers is after a younger audience than Mr Carson and points out that the five-hour-long shows a week only overlap by half an hour a night.

Over the last 12 months, however, petrol prices have fallen 39.8 per cent.

Economists said the price rise reflected the summer's partial agreement by the Organization of Petroleum Exporting Countries to limit production.

Petrol prices, after rising 1.3 per cent in August, declined 0.2 per cent in September, with a 12.6 per cent drop in poultry prices and an 8.9 per cent dip in egg prices.

Yet in spite of all the pressure flashes of the style which made Ms Rivers a cult figure in the US and in Britain the BBC came through last night.

"You look like a squirrel in heat," she commented to Elton John on a photograph of one of his new concert costumes.

"In this one, you look like a matador in a leather bar."

## Pinochet to allow rally by opposition

By Mary Helen Spooner in Santiago

A rally by opponents of General Augusto Pinochet's régime is due to take place today in the city of Punta Arenas in Chile's southernmost territory.

The local military governor, General Luis Dámaso, approved the demonstration — the first public assembly by opposition groups since the state of siege was imposed last month — the day after his retirement from the army was announced in Santiago.

General Danus, the régime's former economy minister and fourth-ranking officer in the Chilean army, has long been viewed as one of the most democratically minded members of the military.

General Danus also urged that the state of siege, which gives authorities extraordinary powers to deal with security threats and to suspend civil liberties, be lifted in his territory.

The Chilean Interior Minister Ricardo García said General Pinochet had instructed him to begin meeting with political parties to discuss future legislation regulating political parties and elections.

**A Financial Times Survey**  
**READING**  
The Financial Times proposes to publish a Regional Report on the above, on Friday, December 12th 1986.

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**FINANCIAL TIMES**

## Gorbachev adviser urges political reform

By PATRICK COCKBURN

A SENIOR Soviet official accompanying Mr Mikhail Gorbachev said yesterday that without more democracy in the Soviet Union there could be no economic reform.

Mr Fedor Burlatsky, an adviser to the leader and an influential political scientist, said it might prove necessary to remove many second level officials in the Communist Party and state who were unsympathetic to reform.

Asked how greater democracy in the Soviet Union could be institutionalised, Mr Burlatsky said existing methods of democratic control, which were on the statute books, could be utilised. He also said, however, that new institutions giving greater democratic control needed to be created.

The lack of sufficient numbers of Community Party officials and activists was an important problem.

"We need new, talented, educated cadres," he said. He

added that they should be convinced socialists.

Mr Burlatsky's frank interview confirms hints in speeches by Mr Gorbachev over the last three months that political reforms are being given priority as a precondition for economic and social change. It also shows that the Communist Party leadership believes that this necessitates the removal of many officials and managers.

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The lack of sufficient numbers of Community Party officials and activists was an important problem.

"We need new, talented, educated cadres," he said. He

illustrated by the fact that one of the three journalists interviewing Mr Burlatsky was from Radio Free Europe, an organisation normally denounced by the Soviet Union.

Mr Burlatsky, one of the founders of political science in the Soviet Union, shied away from the comparison between Mr Gorbachev and Mr Nikita Khrushchev, the Soviet leader who fell from power in 1964.

He did say, however, that Mr Gorbachev was of insufficient political understanding to implement reforms against the wishes of the party machine.

He also said there was a link between the speed of political and economic change in the Soviet Union and its relations with the outside world. He said the Soviet Union obviously wanted to spend part of its

present defence expenditure on the civilian economy.

Soviet experts and officials accompanying Mr Gorbachev to Iceland are franker about international and domestic problems than at the last summit in Geneva in 1985.

Mr Yevgeny Primakov, head of the World Economy Institute, a Soviet specialist in regional affairs, said yesterday that whatever the efforts of the US and anti-government guerrillas in Nicaragua to destabilise the government, he believed they had little political support inside the country and could not succeed.

He implied that Moscow was not very concerned by any escalation of US financial or military support for the Contra rebels because it believed they could not win.

THE SOVIET dissident poet, Ms Irina Ratushinskaya was unexpectedly released from a Kiev jail this week in the middle of a seven-year sentence on charges of anti-Soviet agitation and propaganda. AP reports from Moscow.

Ms Ratushinskaya was released on Thursday. Her case has been the subject of growing concern in the west, and it is possible her release was timed around the Reykjavik summit to defuse western criticism of Soviet human rights policy.

Ms Ratushinskaya, a 32-year-old poet widely praised in the west for her Samizdat (clandestine) writings, was arrested on September 17, 1982 and sentenced in March 1983 to seven years strict regime in a labour camp followed by five years internal exile on charges of anti-Soviet agitation and propaganda.

She was detained in a labour camp until being transferred to a Kiev jail last July.

Reports in the west have said that she had come under strong pressure recently to make an appeal for clemency, but had refused to do so, contending she was wrongly convicted.

It is unusual but not unprecedented for a dissident to be released midway through a seven-year sentence. Peace activist and Jewish refusenik Vladimir Brodsky was released and allowed to emigrate in September after serving only over one year of a three-year sentence on charges of hooliganism.

LEADING US business executives forecast yesterday that the US economy would continue to muddle through the next two years without a recession but without much pickup in growth either. AP reports from Hot Springs, Virginia.

In its annual economic outlook, the Business Council expressed a general uneasiness and said "concerns about the economy abound."

A disappointing performance in trade and lingering weakness for US industries have prevented the economy from growing up to expectations," the council's report said.

The council, made up of executives from 65 of the country's largest corporations, forecast economic growth of 2.7 per cent for 1987.

So far this year, wholesale prices have fallen 4 per cent.

measured by the gross national product, of 2.6 per cent this year, weaker than last year's 2.7 per cent performance.

The group predicted GNP growth would climb modestly to 2.9 per cent in 1987 and 3.1 per cent in 1988.

These forecasts are far below the expectations of the Reagan Administration, which is looking for growth to top 4 per cent next year.

Meanwhile, the US Commerce Department yesterday announced that wholesale prices rose 0.4 per cent in September as the year's biggest gain in petro prices more than offset cheaper food, AP reports from Washington.

ECONOMICALLY speaking, the price rise reflected the summer's partial agreement by the Organization of Petroleum Exporting Countries to limit production.

Petrol costs were up 9.2 per cent following two months of declining prices, a 1.5 per cent fall in August and 19.3 per cent fall in July.

Over the last 12 months, however, petrol prices have fallen 39.8 per cent.

Economists said the price rise reflected the summer's partial agreement by the Organization of Petroleum Exporting Countries to limit production.

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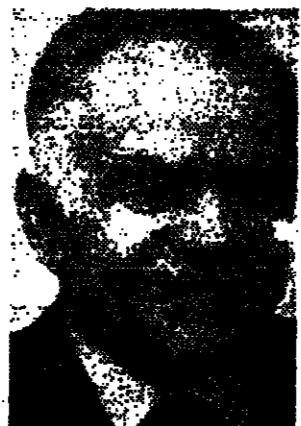
Murdoch  
launches  
battle of  
TV giant

## OVERSEAS NEWS

## UK NEWS

# Shamir's return to premiership may be delayed

BY ANDREW WHITLEY IN JERUSALEM



MR SHIMON PERES resigned yesterday as Prime Minister at the end of his 25-month term in office under Israel's power-sharing pact between his Labour Alignment party and right-wing Likud.

However, the planned return to the Prime Ministership by Mr Yitzhak Shamir, the Likud leader, could be delayed by Labour's refusal to permit the return to the cabinet of Mr Yitzhak Modai, the maverick Likud politician.

Mr Modai, who heads the Liberal faction within the Likud bloc, served as Finance Minister under Mr Peres and was an architect of the country's economic recovery.

However, a series of spectacular quarrels with the Prime Minister, bringing the coalition to the edge of dissolution, to Mr Modai's forced resignation from the Cabinet, this summer.

Shortly before Mr Peres handed in his resignation to President Chaim Herzog yesterday morning, the Labour Party declared that the rotation scheduled for next Tuesday would not take place until its coalition partners agreed to reduce the size of the cabinet from 25 to 23 members.

Under this formula—designed to maintain the balance between the two parties and their minor allies—Mr Mordechai Gur, the Health Minister, who has refused to serve under Mr Shamir, will not be chosen by Labour, while Mr Modai's second-level political appointments have been agreed.

It has long been known that Labour had been looking for a credible pretext to avoid going through with the rotation, putting the Prime Minister under considerable pressure to break the coalition agreement.

Mr Peres has been determined to maintain his new-found statesman image. On leaving the President's residence yesterday he said Israeli democracy had been strengthened by his act of voluntary resignation.

"I am proud to have fulfilled all my obligations," he said.

## Israeli foreign debt stabilises at \$24bn

BY JUDITH MALTZ IN JERUSALEM

ISRAEL'S \$24bn (£16.9bn) year, part of a trend which has foreign debt, the highest in the world in per capita terms, appears to have established at its December 1984 level—and has even shown a decline in recent quarters.

According to figures released by the Bank of Israel this week, the country's external obligations stood at \$24.02bn at the end of June.

Measured in US dollars, total debt rose marginally by \$96m during the first half, but the Bank said that this increase was due solely to the weakening of the dollar against European currencies.

When the exchange factor is excluded Israel's foreign debt actually narrowed by \$17m between January and June this year.

## Opec talks on quotas drag on

MINISTERS from the Organisation of Petroleum Exporting Countries (Opec) argued yesterday over details of a new share-out of the group's production quotas, which could have important implications for the price of oil and their countries' economies. Reuters reports from Geneva.

Delegates said progress was being made on an elusive accord to set new quotas to support, and possibly increase, prices but the bargaining was tough and there was no prospect that the talks, in their fifth day, could drag on well into next week.

Asked if progress was being made, Mr Aliwan Lukman, Opec president and Nigeria's oil minister, said: "I should think so."

As a last resort, ministers at the Opec conference could postpone a decision on how to divide up the quotas and simply renew stopgap production curbs that expire at the end of this month, delegates said.

## Bhutto abandons deadline for Pakistan elections

BY MOHAMMED AFTAB IN ISLAMABAD

MISS BENAZIR BHUTTO, the Pakistani opposition leader, has abandoned her plans to hold parliamentary elections before the end of the year.

Miss Bhutto said the deadline for elections, which she set from exile in April, had been dropped because of the brutalities perpetrated on political workers by the government of President Zia-ul-Haq.

Miss Bhutto said her Pakistan Peoples Party would not set a new deadline for elections but that elections were still necessary "to save the country."

## International commodities clearer may be sold

By Stefan Wagstyl

THE INTERNATIONAL Commodities Clearing House, which serves markets in London and abroad, could be sold to the exchanges it serves as early as next year.

The possible sale of ICCCH—which is controlled by a consortium of six banks, including the big four UK clearing banks—is one of various proposals put forward in a broad review of the company's future, prepared by the ICCCH itself.

The plans are to be studied by an advisory committee of representatives of client exchanges, which was set up this week by Mr John Barkshire, who took over as ICCCH chairman a month ago and is former chairman of the London International Financial Futures Exchange. ICCCH's biggest customer, he said yesterday, is the pressures of growing international competition, by exchanges had led to the review.

The clearing house has been under pressure to cut costs to its users and to become more responsive to the mercantile requirements of their markets. Life had been expected to take place on Tuesday or Wednesday once President Herzog completed the formalities of consulting with party chiefs over the new Prime Minister and invited Mr Shamir to form the new government.

Mr Peres is due to replace the Likud leader as Foreign Minister. Few other changes are expected. After weeks of hard bargaining, most of the second-level political appointments have been agreed.

It has long been known that Labour had been looking for a credible pretext to avoid going through with the rotation, putting the Prime Minister under considerable pressure to break the coalition agreement.

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## Likud leader.

Under the constitution, Mr Peres will continue to serve as caretaker Prime Minister until Mr Shamir's new government receives a vote of confidence from the Knesset, Israel's parliament.

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## Exhibition spending reaches £192m

BY ANDREW TAYLOR

BRITISH COMPANIES are spending record amounts advertising products at trade technical and consumer exhibitions in the UK, according to a study published yesterday by the Incorporated Society of British Advertisers.

Companies spent £192m last year on taking space and constructing stands at exhibitions—25 per cent more than in 1983. Last year's spending consolidated gains made in 1984 when Britain hosted a number of international exhibitions, the society said.

The figures do not include companies' spending at overseas exhibitions.

The increase in total expenditure on exhibitions was accompanied by increased selectivity from individual companies on how much they spend, the society added.

It said: "Traditionally accepted attitudes towards

QUESTION: What is the greatest cause of long-term unemployment?

ANSWER: Long-term unemployment.

The central feature of long-term unemployment is that it is self-generating, not just in an obvious sense, but in a human one. Long-term unemployed people become increasingly isolated and lose the confidence and will to keep looking for work. Employers much prefer taking on people already in employment or who have recent work records. Previous experience counts for less and less when you have been out of work for a year or two.

An attempt to break this vicious circle is the main aim of employment initiatives announced by Lord Young, Employment Secretary, at the Conservative Party conference this week.

A pilot scheme to extend the Government's Restart programme available to everyone who has been unemployed for a year or more to cover those counselled were offered some positive help which may put them back on the route to employment.

In July, 1,35m people had been out of work for at least a year. If, as is likely, the decision to make Restart available to those who have been out of work for six months becomes a national scheme, it will bring another 623,000 people within the scope of the initiative.

A recent Department of Employment survey showed that 50 per cent of people who

became unemployed returned to work within a year. But in the second year of unemployment the return rate came down to 64 per cent and by the third year it had dropped to 39 per cent.

These figures, advocates of the Restart programme argue, make the case for extending the scheme to those who have been unemployed for six months. The longer a person leaves it before trying to get back to work, the harder it becomes.

A pilot six-month training and work experience programme will be tested out alongside the extended Restart initiative. The intention of the Manpower Services Commission considers that 89 per cent of those counselled were offered some positive help which may put them back on the route to employment.

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## UK NEWS

# TSB flotation cuts societies' funds

BY HUGO DIXON

BUILDING SOCIETY accounts suffered a net outflow of £671m last month after withdrawals to pay for TSB shares, according to figures published yesterday by the Building Societies Association.

This is only the third net outflow recorded in the BSA's monthly figures. The others were for February and March 1974, when the country was on a three day week.

In September, investors' deposits totalled £2,163m and withdrawals were £2,834m. September usually draws a net inflow of about £700m.

This has led the BSA to say that £1.5bn was withdrawn to buy TSB shares in an issue which was eight times

Mr Mark Boles, secretary-general of the BSA said: "However, much of this money will

return to societies in October as disappointed applicants for shares have their cheques returned."

He expected the societies to attract the funds of disappointed TSB applicants together with the profits of those who obtained shares and sold them quickly.

To win back lost savings, some building societies have been offering rates of up to 9.25 per cent net of tax (13.02 per cent gross) on long-term savings accounts. This is well above the average mortgage rate of 11 per cent and means that, in some cases, building falls.

Net new commitments for lending by building societies fell to £3,256m last month from £3,314m in August, itself down from a peak of £4,070m in July.

The BSA's figures also show that last month £419m in interest was credited to investors' accounts, leading to a £252m reduction in savings with

building societies. A total of £1,716m in mortgage principal was repaid and net borrowing from wholesale sources was a record £1,632m.

This was still not enough, however, to finance the £3,505m gross advances of principal made by societies last month. As a result, liquid assets were run down and the liquidity ratio (the ratio of liquid assets to total assets) fell from 16.3 per cent to 15.7 per cent. This is close to 15 per cent, below which it is generally thought imprudent to allow liquidity to fall.

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The average price of houses at the mortgage approval stage,

the earliest stage at which home prices are recorded by the BSA, rose from £39,483 in July to £39,537 in August.

Such detailed monthly figures on building societies may not be available from next year if a campaign by the Halifax Building Society, Britain's largest, succeeds. It thinks publishing the figures gives banks—and other competitors in the mortgage market—an unfair advantage, as they can tell how to pitch their advertising and pricing policies.

Nottingham Building Society announced yesterday that Mr G. J. L. Webster had resigned as managing director of the society to follow other interests. Mr Stuart E. Brandreth, general manager and secretary, was appointed a director in his place.

## Receiver to shed 170 Coventry Climax jobs

By Arthur Smith, Midlands Correspondent

THE RECEIVER called in by Coventry Climax, the fork-lift truck manufacturer, told union leaders yesterday that 170 jobs would have to be cut among the 730 workers.

He remained confident that the bulk of the business could be sold as a going concern.

Mr Ray Lissaman, district official of the engineering workers' union, said members had been surprised by the speed and size of the job cuts, which suggested the company had been in a more serious financial position than thought originally.

Coventry Climax called in the receiver nine days ago after a fire had damaged stock, prevented the despatch of trucks, and cut off revenue. The collapse is a financial blow to Sir Emmanuel Kaye, who also owns Lansing Bagnall, the UK's largest truck manufacturer. He bought 51 per cent of the Climax shares from RL in 1982 in a deal interpreted as defensive, to ensure more orderly marketing and prevent damage to Lansing Bagnall.

Mr Philip Baldwin, joint receiver of Price Waterhouse, the firm of accountants, said last night the redundancies had been necessary to reduce capacity in order to meet projected demand.

The main problems stem from the truck assembly operation, where the labour force was cut yesterday by more than one-third, from 320 to 210. Demand in the first eight months of this year was between 15 per cent and 20 per cent down on forecasts and there was a leading loss of £2m.

Mr Baldwin said any purchaser of the business, in order to cover the overheads, would have to broaden the existing range or bring in new products.

Coventry Climax has a separate engine business, which supplies Ministry of Defence vehicles. The receiver has cut 35 of its 110 jobs and believes it has the basis of a profitable business.

The business attracting most attention from potential buyers is the profitable spares and service division, which has 149 engineers serving owners of Coventry Climax trucks. The receiver has axed only 25 of its 400 jobs.

Mr Alan Sapper, ACTT general secretary, said yesterday that the union is in dispute with three companies over the showing of South African commercials. Following a decision of the union's national conference in March, ACTT would immediately go into dispute with a company that showed commercials for South African products, he said.

The policy is being imple-

# Paxman Diesels workers threatened with dismissal

By CHARLES LEADBEATER, LABOUR STAFF

MANUAL WORKERS who have been locked out for nearly 16 weeks at Paxman Diesels at Colchester were yesterday told they will be dismissed if they do not return to work and implement wide-ranging changes to working practices.

The company has decided to approach the 600 workers directly rather than reopen negotiations with the main unions involved—the Amalgamated Engineering Union and the Transport and General Workers' Union. It says it has been forced into this position after a series of recent meetings with the unions ended in deadlock.

In a letter to the workers, Mr Jack Fryer, managing director, said the workers would be dismissed if they did not return to work on October 20 and

give the workers a 5 per cent increase on return to work, and a further 3 per cent from April 1987. Overtime and nightshift payments would also be improved in two stages.

However, both are subject to workers agreeing to fundamental changes in working practices, including taking responsibility for cleaning and maintaining machines, and for checking the quality of their work—a job previously done by quality inspectors.

The company also insists it should have complete discretion over sub-contracting work. The further 3 per cent the workers have been offered depends on their agreeing to new shift patterns, operating many machines instead of just one, and greater flexibility over tasks.

## ITV to reconsider S African adverts

By CHARLES LEADBEATER, LABOUR STAFF

THE MANAGING directors of the ITV companies will meet on Monday to review their policy on transmitting advertisements for goods made in South Africa. Unions in television are pressing for a a

ment on a rolling basis at local level. The union has given Grampian Television notice that, from October 20, union members will take industrial action to stop advertisements for South African goods being transmitted.

Mr Roy Furness, the ACTT shop steward at Grampian, said it was likely that action would be taken soon after that date, and that transmission controllers would probably be suspended immediately by the company if they refused to show a South African commercial.

This would almost certainly lead to a strike at the company, which could affect the rest of the network, he added.

The other companies in dispute with the union over South African commercials are Thames Television and London Weekend Television.

Union officials at Dover and Folkestone, regarded as moderate ports, said that the men are determined to maintain the strike.

The National Union of Seamen expects that a meeting today at Holyhead, North Wales, where the company wants 29 redundancies among ratings and 15 among officers, will also decide to continue the strike.

The NUS says there are no further meetings arranged with the company but denies it has broken off talks.

The company yesterday held talks with Nimsat, the officers' union, and the National Union of Railways. Neither set of ends showed any sign of a settlement.

The NUR yesterday started balloting its 2,000 members in Sealink UK on industrial action. Union officials expect the ballot, which will take about a week, to show substantial support for action.

NUR members carry out shore duties and operate the company's six ferries to the Isle of Wight, the only services operating normally.

Nimsat is consulting its Sealink UK members over the weekend to gauge reaction to the progress in the talks which started a week ago.

The issue which provoked the dispute—the company's decision to dismiss 492 seamen, officers and shore staff employed on its Channel Islands service—has been put to one side. The negotiations are concentrating on proposed job losses at Folkestone and Holyhead, conditions of employment and severance pay.

## TGWU launches drive to involve young people

By Our Labour Editor

THE TRANSPORT and General Workers', Britain's largest union, is next week starting a major effort to try to increase the involvement of young people in trade unions.

A survey has found that many young people are hostile to trade unionism, and the TGWU's campaign is the first mainstream effort in recent times to try to present them with a more positive approach.

Among the efforts is a concert sponsored by the union at the Royal Albert Hall next Saturday — featuring the Jamaican group I-Threes, formed around the wife of the late reggae singer Bob Marley—which will also be addressed by Mr Bill Morris, the union's deputy general secretary.

The union is also drawing up a questionnaire aimed at finding out about young people's reactions to trade unions, their jobs, and their training. Interviews are likely to take place in fast-food chains, among other places.

Other moves include a 13-minute video aimed specifically at young people, explaining trade unionism; a special membership rate for unemployed young people; a national TGWU youth conference in January; and sponsorship of a football tourna-

## Independent sales top 500,000

By Raymond Snoddy

THE INDEPENDENT, the new national newspaper, has sold well in its first four days and newspaper distributors have ordered the full 650,000 print run for Monday.

After the first day, which was a sell-out, The Independent believes it has sold more than 540,000 a day. The newspaper distribution trade confirms it is selling in excess of 500,000.

Mr Rodney Buse, W. H. Smith's wholesale distribution manager, said yesterday: "I don't think they could have expected a better sales figure."

The paper was very professional and distribution from four printing centres had gone remarkably well, he said.

So far The Independent's sale does not seem to have been at the expense of other national quality newspapers with rivals dropping only 1 to 2 per cent.

Mr Matthew Symonds, deputy editor of The Independent, said: "We have put a good enough product into the market to gain extended trial and people are making genuine comparisons between us and their old newspaper."

After the inevitable settling down The Independent needs a stable circulation of about 375,000.

It hopes to win a significant slice of its circulation from company and institutional sales. James Capel, the stockbroking firm, for instance, started with an order for 200.

Times Newspapers, publisher of The Times and the Sunday Times, contributed £84,45m (£24.4m) to the group profits of Mr Rupert Murdoch's News Corporation in the year to the end of June. This compared with £7.8m last year.

The breakdown of Mr Murdoch's UK earnings is shown in News Corporation's annual report.

For the same period, the profits of News Group Newspapers, publishers of the Sun and the News of the World, increased to £78.9m compared with £73m last year.

The profits were boosted by five months of savings from publishing the four national titles at Wapping, east London.

Helena Hague writes: Leaders of the five unions involved in the 84-month Wapping conflict will meet Mr Norman Willis, the general secretary, on Wednesday.

They will attempt to map out a fresh strategy following the sacked printworkers' overwhelming rejection of News International's compensation offer.

## Swindon growth plan launched

By PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

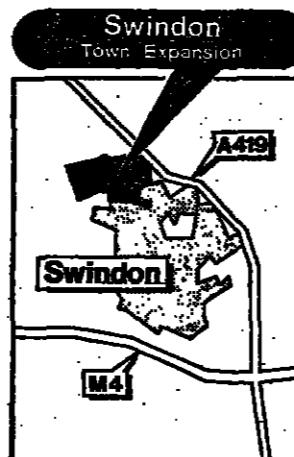
CREST HOMES, on behalf of the Haydon Development Group, yesterday sought planning permission for what is claimed to be the largest privately-funded town expansion scheme in Europe.

It lodged outline planning applications with Thameydown Borough Council and Wiltshire County Council for a £500m development consisting of 9,000 homes and industrial units with leisure and service facilities on the 1,500-acre Haydon site, north of Swindon.

The development of 174 acres for industrial use could provide permanent jobs for 4,000, according to the Haydon Development Group. A further 3,000 jobs would come with the construction work, which could last 10 years.

The plans reflect the expansion of high technology industry on the Haydon site. The other members of the Haydon Development Group are Bradley Homes (part of EEC), Costain Homes, McLean Homes (part of Tarmac) and Prowtings Homes.

The group was formed to make a joint planning application and to co-ordinate development. Together with Thameydown Borough Council, it owns



Crest Homes, part of Crest Nicholson, owns about 600 acres on the Haydon site. The other members of the Haydon Development Group are Bradley Homes (part of EEC), Costain Homes, McLean Homes (part of Tarmac) and Prowtings Homes.

The group was formed to make a joint planning application and to co-ordinate development. Together with Thameydown Borough Council, it owns

most of the land on the site, with Crest the largest holder. Even assuming a relatively smooth run, it will probably take two years to win planning permission. Construction work is unlikely to start before 1989, in the view of Mr John Callcutt, chief executive of the Crest Nicholson property division.

The advantage for the developers is that Haydon is not in green belt land. Nor is it classified as an area of outstanding natural beauty. Town expansion has been necessary to reduce capacity in order to meet projected demand.

However, approved county plans run only to 1991 and a draft development plan runs only to 1998; placing the Haydon scheme in a time vacuum.

"We are saying if you want large-scale and comprehensive social and community infrastructure, you can't deal with the planning area piecemeal," said Mr Callcutt.

The Haydon plan envisages breaking up the site with parkland, which would lead to open country west of Swindon. The parkland would also keep the residential areas of the new mini-town, in which more than 20,000 might live, away from the working areas.

## Deal sought on green belt site

By OUR PROPERTY CORRESPONDENT

DEVELOPERS have offered to rehabilitate privately held, near-dilapidated green belt land by London's Heathrow Airport in return for permission to put up commercial, industrial and residential property on part of the 250-acre site.

Rutland Group Holdings and RMC Group, owners of the land, applied yesterday to the London-controlled Borough of Hounslow for outline planning permission to proceed with a £100m development of land around Bedford Lake on the

site south of the airport. This involves creating 700,000 sq ft of office space, reclaiming the 17 acres of industrial activity and building up to 140 houses. The costs of this part of the development would be about £260m, with the costs of rehabilitating the open land about £40m.

The effect of the development would be to reduce the size of the green belt by 46 acres, making the plans politically sensitive even though the land in question is lying idle.

## Greece rejects cement dumping charge

By ANDREW TAYLOR

THE GREEK Government, in a letter to Mr Alan Clark, Trade Minister, has rejected British claims that Greek cement is being dumped in the UK at subsidised prices.

Greek cement has been imported into the UK this summer by Seament UK, a Lebanese-owned company which has established floating cement silos at Tilbury on the River Thames and at the port of Liverpool.

The British Government has complained to the European Commission that Greece is abusing EEC-approved subsidies to import cut-price cement into the UK. Delivery prices to customers within five miles of the silos are being quoted by Seament UK about 3 per cent lower than the comparable price charged by British manufacturers.

Mr George Katsifaris, Greek Minister of Commerce, said Greek cement manufacturers were highly competitive and did not receive state subsidies.

The Office of Fair Trading is investigating whether the common pricing agreement operated by British cement manufacturers should be referred back to the Restrictive Practices Court.

bates on various taxes and surcharges approved by the European Commission.

The Greek Government said the difference in prices to those charged by UK manufacturers was due in large part to the internal structure of the British market.

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With Pot Noodles, Golden Wonder can point to a success story. When the product came to the UK from Japan in 1977, it proved instantly popular. The food manufacturers, in their time-honoured way, responded by trying to trample each other flat in the early market. United Biscuits, Unilever had Knorr all produced versions, but Golden Wonder has outlasted them and has more than 95 per cent of the market.

What growth does Dalgety expect from its purchase? Mr Maurice Warren, managing director of Dalgety UK, said: "We see the crisp market running at 2 per cent to 2.5 per cent a year and savoury snacks at around the same rate."

For Noodles, it would appear to grow by 20 per cent last year but, in volume, that only brought them back to their peak level of 1980, having slumped by more than 20 per cent in the early 1980s. Noodles, it seems, are not just a tough market but a volatile one.

workers  
dismissed

Seamen  
continue  
ferry strike

By Our Labour Day  
THEIR DISPUTE over pay and conditions of work has been resolved by the two sides after seamen at Folkestone voted to accept an offer of a 10% pay increase and a 10% pension increase.

The meeting of the seamen's employees and Folkestone company's offer of a 10% pay increase and a 10% pension increase was accepted by the majority of the members.

The National Union of Seafarers respects the right of the Folkestone Seamen to strike where they have a reasonable cause and it will also decide to

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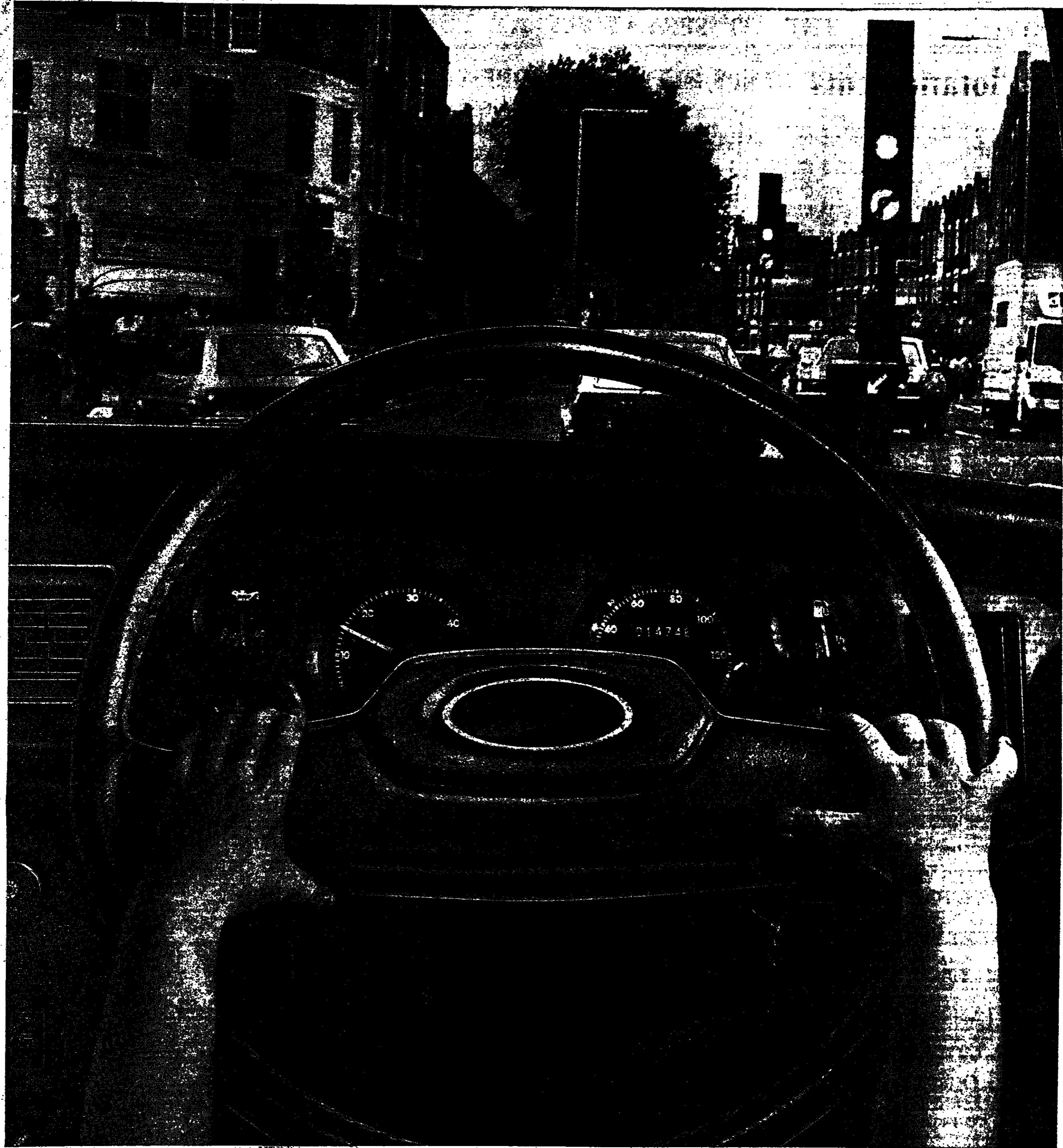
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## Introducing free driving lessons for the Under-Sixteens.

Most children dream of growing up and driving their own cars.

Tragically, many of them never get the chance.

Every year in Britain, more than 43,000 children are killed or seriously injured in road accidents.

Those who survive to win their licences go out on the roads as virtual innocents. Equipped in most cases with little more than basic knowledge.

Statistically, they become "Adults". And thousands more of them are slaughtered, maimed and more often than not, scarred for life.

Year after year after year.

It's an unacceptable situation. And we're not prepared to live with it.

So, with the blessings and co-operation of the Department of Transport, we plan to put accidents well and truly in their place. On the TV screen, not on the road.

With "Interactive" Video. A computer-based breakthrough, which gives children the chance to make their own mistakes. And to learn by them. In total safety.

Confronted with filmed, "real-life" situations, they'll make decisions and react. They'll experience, firsthand, all the problems of the road.

And they'll see the consequences of their actions. Right there on the screen.

They'll gain invaluable experience. And one day, hopefully, it may save them their lives.

The machines are being presented to local Road

Safety Officers for use in schools around the country.

The project's under way—but we're not stopping there. General Accident's commitment to Road Safety exceeds £2 million. This year alone.

On top of the Videos, that pays for major Research into the Psychology of Driver Behaviour, covers the cost of "Roadsafe Family of the Year"—our new, national Competition, and enables the D.O.T. to broaden the scope of its Advertising programme, too.

Next year, we plan to do even more. And the year after. And the year after that.

For Road Safety. For Life.

For Today. For Tomorrow. And for generations to come.

**General  
Accident**

**A radical new motoring policy. For road safety. For life. Accident**

A JOINT INITIATIVE BY THE DEPARTMENT OF TRANSPORT AND GENERAL ACCIDENT IN THE INTERESTS OF ROAD SAFETY

# THE CONSERVATIVES AT BOURNEMOUTH

## Mail shots boost party membership

CONSERVATIVE PARTY managers are delighted with evidence of a fresh upsurge in membership which began even before this week's Bournemouth conference.

A series of test direct mail shots, which could eventually reach as many as 10m people, has brought an unexpectedly strong response from the general public and from targeted groups of new shareholders.

Conservative Central Office believes the growth of interest, which has been accompanied by sufficient cash donations to the party's fighting fund to cover the cost of the mailing exercise several times over, is a direct result of Labour's own conference at Blackpool.

The party will not say how much cash has been raised but it is thought to have set its sights on raising around £1m over the next nine months. The mail shots began in August and were initially aimed at 10,000 British Telecom shareholders and 30,000 householders.

A party spokesman said yesterday that 11 per cent of BT shareholders approached had responded, compared with a normal mail shot response rate of around 2 per cent. A further 60,000 BT shareholders are receiving a letter from Mr Norman Tebbit, chairman of the party, spelling out the Conservatives' record in government and asking for financial support and new members.

Letters have been sent to another 80,000 households and the first replies began to reach Central Office at the beginning of this week. Since then, there have been about 3,750 replies, a total which party managers say is considerably higher than they had expected.

The mail shot campaign is thought to have brought in more than 100 new members a week since it began, with around 1,000 additional recruits so far signed up. The party has about 1m paid up members.

## Thatcher takes aim at Labour's non-nuclear defences

LABOUR'S COMMITMENT to a non-nuclear defence policy would give the Soviet Union its greatest gain in 40 years without having to fire a shot, Mrs Margaret Thatcher warned yesterday when she wound up the Conservative conference at Bournemouth.

The Prime Minister made clear her determination to ensure that defence is a central issue at the next general election. Her speech lifted her delighted supporters, who accorded her a standing ovation, lasting nearly 10 minutes, to new heights of optimism that she can retain her hold on 10 Downing Street for a third successive term of office.

Significantly, Mrs Thatcher followed the example set by Mr Nigel Lawson, the Chancellor of the Exchequer, on Thursday by making no direct reference to the pressures on sterling during her 37 minute speech.

She was at her most powerful in arguing that Labour's conversion to unilateralism marked a departure from the long-established bipartisan approach to defence policy sustained by the two main parties since the Second World War, leaving the Conservatives with "an historic duty" to retrieve the situation.

The conference roared approval as the Prime Minister declared: "The damage caused by Labour's policies would be irreparable. Not only present but future generations would be at risk."

She contended that it was the balance of nuclear forces which had preserved peace for 40 years in Europe and saved the young people of two generations from being called up to fight as their parents and grandparents had been.

To a further chorus of

approval, she stressed: "As Prime Minister, I could not remove that protection from the lives of present and future generations."

She said: "Let every nation know that Conservative governments, now and in the future, will keep Britain's obligations to its allies. The freedom of all its citizens and the good name of our country depend upon it."

Mrs Thatcher claimed that it was the strength and unity of the West which had brought the Russians to the negotiating table and made possible this weekend's meeting in Reykjavik between President Reagan and Mr Gorbachev.

Without mentioning Mr Neil Kinnock by name, she complained that under his leadership Labour was departing from the path trodden by Aneurin Bevan, Hugh Gaitskell and

Reports by Michael Cassell, Ivor Owen and Lisa Wood. Pictures by Ashley Ashwood

Clement Attlee, and suggested that his decision to do so would come as a shock to many of Labour's traditional supporters.

Mrs Thatcher maintained that by repudiating Nato's nuclear strategy Labour would fatally weaken the Atlantic alliance and the commitment of the US to the defence of Western Europe.

The Prime Minister declared: "The damage caused by Labour's policies would be irreparable. Not only present but future generations would be at risk."

She contended that it was the common ground which had previously existed between the two parties on defence, she said, was one of the "utmost gravity."

Mrs Thatcher stressed that Labour would also require the US to remove its nuclear weapons from British soil and

to close down its nuclear bases — weapons and bases which were vital not only for Britain's defence but for the defence of the entire Atlantic alliance.

Emphasising that Labour was also committed to removing Britain from the protection of America's nuclear umbrella, she said: "Exposed to the threat of nuclear blackmail, there would be no option but surrender."

Without mentioning Mr Neil Kinnock by name, she complained that under his leadership Labour was departing from the path trodden by Aneurin Bevan, Hugh Gaitskell and

Mr Gorbachev.

Mrs Thatcher said Conservatives wanted to see a Britain where there was an ever widening spread of ownership, with the independence and dignity which accompanied it; a Britain which took care of the weak in their time of need and where the spirit of enterprise was strong enough to conquer unemployment in the north and the south.

The Prime Minister scoffed at Labour's claim to have developed policies which put people first and asserted that their true effect would be to put people out of jobs.

She maintained that the proportion of young people would be

blighted by Labour's minimum wage policy, because people would not then be able to afford to employ them and give them a start in life. As many as



Margaret Thatcher, with Norman Tebbit beside her, acknowledges the ovation after her speech.

250,000 jobs could be at risk, would cause further job losses through the closing down of the American nuclear bases and the imposition of sanctions against South Africa.

The Prime Minister commented that Labour's policy

were located.

Mr Mellor, replying to a debate in which the conference made clear its anxiety about drug abuse, said the Government's legal experts had assisted in the preparation of the first draft of a UN convention against drug trafficking which would be discussed in Vienna in February.

He promised a still more determined effort to prevent the drug traffickers penetrating Britain's defences.

Mr Mellor stressed the need to combat the "dangerous, desperate and sometimes fatal" attempts made by those who sought to smuggle heroin and other drugs into Britain by swallowing packages stuffed with illicit products.

He said that as a result of penalties introduced by legislation which would be fully implemented by Christians anyone in Britain who laundered money for the drug traffickers would face up to 14

years in jail.

Mr Mellor told the conference that a bill to be introduced early in the new parliamentary session would outlaw the powerful and dangerous so-called "designer drugs" which had caused so much harm in the United States.

Trafficking in such products would carry a maximum penalty of life imprisonment.

He accused the Labour Party and the trade unions of pro-

moting "misleading propaganda" about the strength of the Customs service.

Mr Mellor insisted that there had been no reduction in the number of Customs officers engaged in drug work.

Over the next three years, he said, £10m would be spent to give the Customs the equipment needed to seize even more drugs.

Between 1985 and 1987 the number of Customs officers

primarily engaged in drugs

work would have been increased by 500—an increase of 15 per cent.

The number of Customs intelligence men pursuing the drugs barons had increased by 150 per cent since 1979.

Mr David Tredinnick, from Woolwich, was loudly applauded when he called for far heavier penalties to be imposed on the drug pushers.

He said the "big fish" should not be sent to prison but "to the gallows."

Other media, and "a tiny minority of disloyal officials" also came into Mr Tebbit's firing line. He spoke of the publication, by the Daily Mirror this week, of confidential material concerning Saudi Arabia and written by Sir James Craig, the British Ambassador in Riyadh.

Mr Tebbit said: "I hope that workers of British Aerospace whose jobs may be put at risk by the efforts of the Daily Mirror to fan ill feeling between Saudi Arabia and this country,

will tell the Daily Mirror what they think of that kind of activity."

Referring constantly to disagreements within the main Opposition parties, he talked of his own party's unity of purpose.

"The lurid tales of conflict between the big spenders and the tax-cutters have faded away, as we see ways to improve services without a spending spree, and as real growth holds out the prospect of buoyant revenues and future tax cuts."

Aside from Mr Tebbit, one speaker, Mr Burrow brought the conference to its feet apparently in full support of his shopping list for future Tory actions.

The students' chairman called for income tax of 15p in the pound, further privatisation, including that of the coal industry and the BBC, and abolition of licensing laws.

## Tebbit dissects television coverage

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday stepped up his allegations of anti-Conservative bias by the BBC.

Replying confidently to the debate on party policy and public relations, he did not reserve his acid comments for the media alone. Bulbous about Conservative prospects in the next election, he derided the prospects of the Opposition parties.

The Conservative media Monitoring Unit, set up in the summer, recently conducted a rigorous examination of the BBC's television news coverage of a main news story, line by line, said Mr Tebbit. "We have marked each perjorative phrase and each nomenclature of political comment, in the guise of factual news, and compared it with the coverage of the same event by ITN. They will be hearing from us soon."

The chairman also brought up the issue of a recent television play about the Falklands conflict, commissioned and cancelled by the BBC. Its author has claimed he was asked to inject material critical of Mrs Thatcher. "We still await a plausible explanation of the affair," said Mr Tebbit.

Widespread hostility to the status and operations of the BBC was expressed throughout the conference. During the debate yesterday, to which Mr Tebbit was replying, Mr John Burrow, chairman of the Federation of Conservative Students, was applauded when he called for the privatisation of "this foul of cultural snobbery."

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## Packages lead to full-scale security alert

POLICE mounted a full-scale security alert in Bournemouth yesterday after two packages were tossed out of a speeding car near the Conservative Party conference centre and near a hotel used by party officials.

The car crashed through a security barrier at the Highcliff Hotel where Mrs Margaret Thatcher and senior ministers were staying and smashed into a second barrier.

Bomb disposal experts carried out controlled detonations on the suspect packages.

Mr MacDonald Liddall, aged 29, of Poole, Dorset, was later remanded in custody for a week on charges of placing packages to make people think they were likely to explode.

## Britain to spearhead drive against traffickers, says Mellor

BRITAIN is to spearhead an international drive against drug trafficking. Mr David Mellor, junior Home Office minister, announced.

The aim, he said, would be to make drug trafficking an international crime against humanity that could be tried anywhere in the world on evidence gathered wherever such activities had been detected.

The intention was to bring effective action against the traffickers' assets wherever they

were located.

Mr Mellor, replying to a debate in which the conference made clear its anxiety about drug abuse, said the Government's legal experts had assisted in the preparation of the first draft of a UN convention against drug trafficking which would be discussed in Vienna in February.

He promised a still more determined effort to prevent the drug traffickers penetrating Britain's defences.

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As the conference season closes, Peter Riddell assesses party fortunes

## Bournemouth's glow could give way to chill

JUDGMENTS on party conferences, like spring budgets, tend to change with the times. Immediate successes often look flawed as the weeks and months pass and the excitement of the observer on the spot is put in perspective by subsequent events.

The instant view of this autumn's crop of conferences may also look different with hindsight. The SDP gathering was initially flat but was then lifted by the radical commitment on social security while the Liberals appeared at the time to have been very damaged with the split on defence high-lighting Alliance divisions.

By contrast Labour's conference last week was highly successful after the display of unity on policy and behind Mr Neil Kinnock. The Tories have been almost euphoric in their self-confidence.

Admittedly, the Alliance has suffered in both the opinion polls and local council elections though the setbacks have not been as serious as some SDP and Liberal leaders feared. The position is not necessarily irreversible. The road back, however, will be a long one.

Even after only a week Labour's self-confidence may have been checked, if only temporarily. Powerful ammunition has been given to the Tories on defence which will be used par-

ticularly with older working class voters. To a lesser extent Labour's stance on civil nuclear power, though fudged, could also rebound given the public's suspicion about being dependent on coal and Mr Arthur Scargill. But the party is planning a counter-offensive.

Consequently, after all the political and electoral setbacks this year, the Tories have not been able to believe their luck.

The whole tone of the conference has been upbeat. The slogan—"The next move forward"—has infused the whole conference with the carefully co-ordinated series of snippets from future legislation and the next election manifesto.

Behind the scenes there has been what one senior minister yesterday described as "confidence". Consolidators and consolidators have come together on what needs to be done.

As Mr Norman Tebbit, the party chairman, said yesterday: "The radicalism of the progressive right has been harnessed to answer the deep social concerns of the traditionalists and consolidators."

The free market new right can point to the proposals on deregulating private rented housing, extensive future privatisation and tax cuts. And yesterday the Tory Reform Group, the self-styled voice of the party's moderates, said it was

"extremely happy" with the direction of policy.

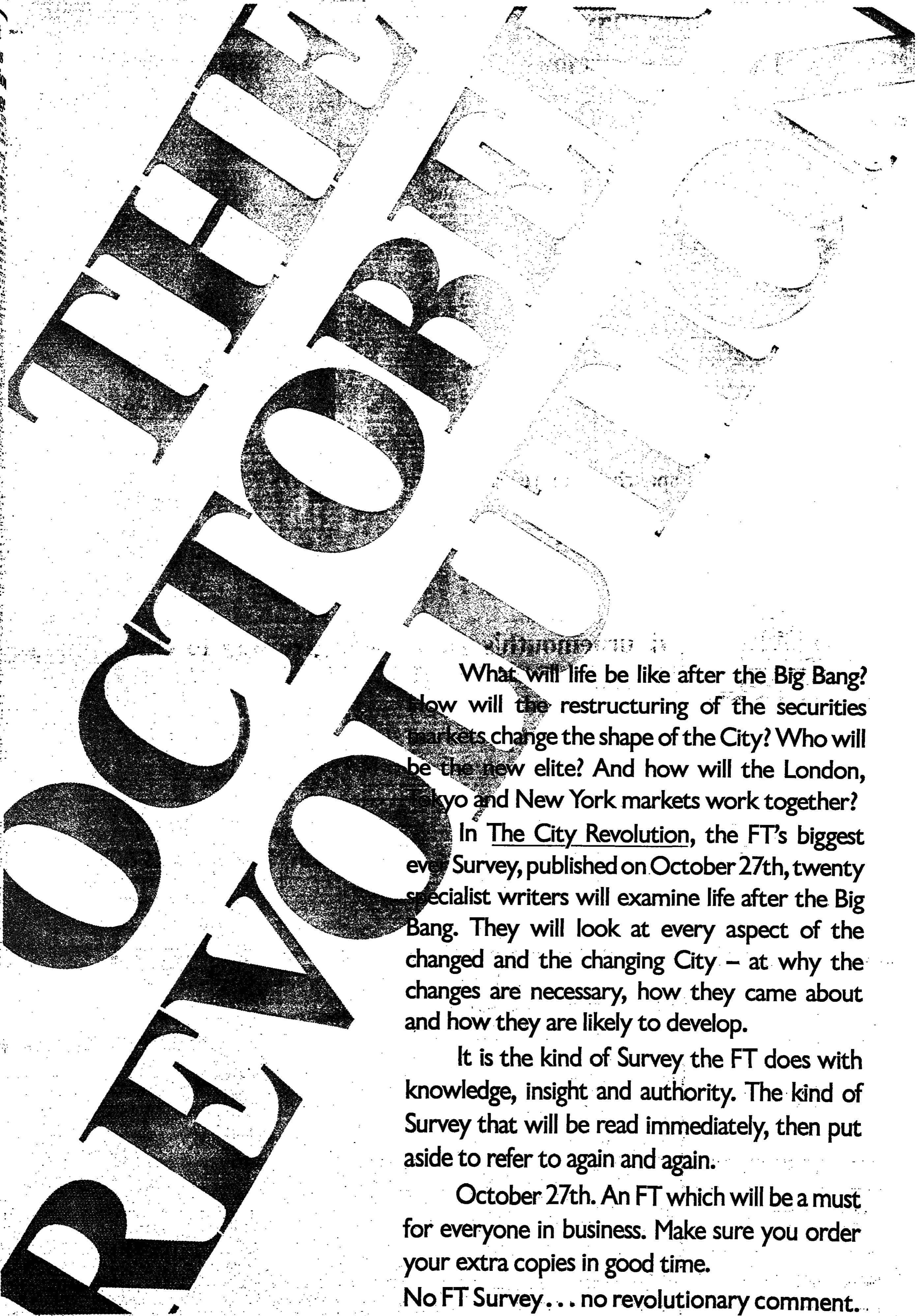
It pointed to ministerial announcements which it has long supported on hospital building, victim-support schemes and the commitment to the inner cities, increased help for the unemployed and expanded choice in education — though with no mention of education vouchers.

The Tory Reform Group undoubtedly organised the most successful fringe meetings with about 700 on its own estimate to hear Mr Michael Heseltine and about 450 for Mr Peter Walker and Mr John Biffen.

**es** Tebbitt dissects television coverage

**Package I**  
to full-set  
security at

**PRICING RATES**



Saturday October 11 1986

# Fallibility of markets

THE CYNICAL explanation of Mr Nigel Lawson's refusal this week to sanction higher interest rates is that he did not want to upset the Conservative Party Conference and still less his own keynote speech. But it is worth recognising that there is an economic defence of sorts for the Chancellor's failure to bow to short-term market pressures.

Real interest rates in the UK are already considerably higher than in most other industrial economies. So long as inflation remains subdued, the authorities are understandably anxious to prevent the adverse differential widening still further. The UK badly needs faster real growth and higher employment — goals which yet higher interest rates would obviously jeopardise.

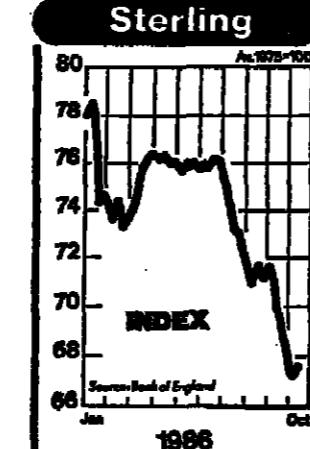
At the same time, the sharp fall in the oil price has weakened Britain's balance of payments just as it has substantially strengthened that of most of its competitors. Who is to say how large a depreciation of sterling is necessary against the Deutsche Mark in such circumstances? For most of the past seven years sterling has been overvalued against other EMS currencies; a temporary bout of weakness now may not do much long-term damage.

This is not to say that UK interest rates may not have to rise in due course. It is merely to argue that Mr Lawson's failure immediately to follow the advice of the young men who write brokers' circulars is not necessarily as foolish as it may seem. The Chancellor, unlike some of his predecessors, is not over-awed by the financial markets; he is well aware that in the short term they can be fickle and fallible.

#### Fiscal imprudence

All the excitement about sterling has, however, distracted attention from far more serious economic matters. The pound's gyrations are a sideshow set against the challenges posed by huge current account imbalances; America's fiscal imprudence; structural changes, such as the secular decline of commodity prices which is doing much to undermine the third world's economic viability; and renewed controversy about developing country debt.

In the context of these challenges and uncertainties, the failure of finance ministers and central bankers to agree on anything of substance at the Washington meeting of the IMF and World Bank is rather serious. The momentum for macroeconomic co-operation and co-ordination, generated with considerable difficulty at Seoul last year, has simply been allowed to seep away. This is not because the problems have gone



# A sizeable gap in the enemy line

By Malcolm Rutherford

MRS THATCHER'S new model army went on display in Bournemouth this week. The Field Marshal is in charge, her generals have stopped quarrelling and the troops are in place. The enemies have been routed, not least by divisions among themselves. It is time to mount the final assault on socialism and, come to that, any remaining redoubts of wet liberalism.

It is possible that that date will go down as a turning point when the story of the run-up to the next General Election is written. The Liberals not only disagreed with the Social Democrats on defence policy, the *soul* of the SDP-Liberal Alliance — two parties who could work together without merging — was undermined. The Tories began to feel more confident.

The Labour Party conference in Blackpool last week was a success in its way. The Party united behind Mr Neil Kinnock in the expectation that he can lead them to victory. It was the best Labour conference for years and left the Tories worried that the old enemy might have developed a superior organisation. But there was also a time-bomb. Labour adopted a non-nuclear defence policy that the Tories mercifully exploited in Bournemouth. They will continue to do so. As Mrs Thatcher said in her speech yesterday: "There is now only one party in this country with an effective policy for the defence of the realm."

The Alliance may pull itself together on defence, though it has done itself great harm. Labour is stuck with its non-nuclear approach and potential conflict with the US about the use of British bases by American nuclear forces.

There was further way in which the other conferences let the Tories off lightly. By appearing to concentrate so much on defence, they failed to attack the Government at its most vulnerable points: unemployment, the health service, poverty, education, the weakness of the exchange rate or even just general incompetence.

The result is that the Tories were given the initiative and this week they seized it. Of course, a conference like that which has just passed in Bournemouth needs a great deal of hard work and preparation. No one who heard the speeches or saw the television interviews can have doubted for a second the amount of coordination that had gone on to ensure Ministers were not speaking with different voices.

The reason is that the Tory Party has sensed that a third term under Mrs Thatcher is within its grasp. Few of them would have predicted that with great confidence when the conference season began with the Social Democrats in Harrogate a month ago. But the season has been kind to the Tories.

The Social Democrats began what he was saying from Mr

well enough. Dr David Owen made his virtuosic speech on tax reform and the relief of poverty and seemed to have his own party behind him on the need to maintain nuclear defence. A crucial event occurred, however, on Tuesday September 23 when the Liberal Assembly in Eastbourne voted against nuclear weapons.

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At times Mr Douglas Hurd, the Home Secretary, sounded almost indistinguishable in what he was saying from Mr

Norman Tebbit, the Party chairman. Even Mr Peter Walker, the Energy Secretary was in tune. It was not always so, and would have been less convincing if the other parties had not given the Tories the scent of victory.

For a start, the Government has solved at least temporarily its dilemma of knowing which opposition to attack hardest: Labour or the Alliance. In Bournemouth it attacked them both with equal ferocity.

As Mr John Biffen, the Leader of the House of Commons and once a radical, now more of a consolidator, said at a fringe meeting, it is now easier for the Tories to identify what the opposition parties have in common. They are all somewhere between shaky and unsound on defence. They all hark back to the 1960s on economic policy and public expenditure. If Dr Owen says an exception, Mr Tebbit dismissed him yesterday as a "doctor without a practice." (Jokes, incidentally, have become part of the Tory trade. Chancellor Nigel Lawson had a whole string of them.)

Another theme has emerged, the language drawn from the Labour Party in the heyday of Mr Tony Benn. It is the "irreversible shift." Mr Biffen said that it was not quite as if we are "standing at the open grave of socialism," but it is clear that he and his colleagues hope that the death throes might not be far away.

The theory is that Mrs Thatcher wins another term, socialism in Britain will be buried for good. Thus Mr Walker ended his conference speech with the warning that the Tories would thrash the Socialists as never before in the next general election.

Some speakers from the floor went further. Mr Guy Senior from Guildford spoke to rounds of applause of privatising what he called the Bolshevik Broadcasting Corporation, selling off British Rail station by station, line by line until we achieve the final and irreversible destruction of socialism.

Like all revolutions, Mr Norman Lamont, the Financial Secretary to the Treasury, said, the Thatcher resolution "cannot stop halfway. It will go on and on into the next Parliament and the Parliament after that and no one but no one is going to be able to reverse it."

Yet it was a consolidators' conference as well. What the leadership seemed to have done was to have picked out a few areas of policy where the Government has succeeded and then produced a list of what it must do next.

The successes were the reduc-



Mrs Thatcher: in defence of the realm.

tion of inflation, the curbing of the power of the trade unions, privatisation and the spread of share ownership. Practically every speaker referred to them in almost identical terms.

Nearly all of them said that in privatisation Britain led the world. Mrs Thatcher went round the course again yesterday.

The area singled out for the future are housing, education, training, health, law and order, the inner cities and yet more privatisation. Mr Hurd, is one of the most thoughtful but of speeches, pointed out that the new measures proposed by the various ministers were all of a piece. And so they were. Better training and education might lead to more jobs, better conditions in the cities might reduce crime. Yet the astonishing fact, was that here were the Tories announcing the new measures after seven years in office. They sounded more like an opposition party on the brink of power than a Government seeking a third term.

In a way it was admission of failure. It was also a recognition that the failings of the opposition parties have given the Tories a chance to do better.

Mr Tebbit said at the start that if they had learned one single lesson from the experience of government so far, it was they have succeeded best where they have been most radical. The implicit message was the manifesto of the 1983

general election had been too tame and that the party must return to the "spirit of 1979." No one dissented and indeed Chancellor Lawson threw in the promise of zero inflation by the end of the next Parliament and the privatisation of practically everything left in the public sector.

In the words of Mr Biffen, when Parliament returns, the country will shift from the "politics of protest" to the "politics of choice" in the election approaches. The party, having made its switch to the right, can then concentrate on winning back the middle ground as the opposition floundered.

After this year's round of conferences, his thesis is not implausible, because the other parties have failed to hit the Government where it would have hurt most. Mrs Thatcher referred yesterday to the responsibility which the opposition shortcomings place on the Tories and that must be an under-statement. If the unity established in Bournemouth holds and she does win again, the country will have been governed without an effective opposition for more than decade.

Perhaps the realignment in British politics that started with the formation of the Social Democrats will then continue. But it is not easy to foresee how, given the personalities involved. But all that is for the future. There are, after all, economic problems to be faced in October.

THE WESTERN media may not know much about chess, but they know what they like. And that like Gary Kasparov. So the 23-year-old Kasparov's victory this week in his world championship match against fellow Soviet citizen Anatoly Karpov has attracted the sort of enthusiasm in the West that would have been unthinkable in the 1950s and 1960s when a earlier generation of Soviet players fought for the title of World Chess Champion.

The changing image of chess may be partly due to the rise and fall of Bobby Fischer, the US chess genius, who in 1972 took the world chess crown out of the Soviet Union for the only time since the Second World War.

Bobby Fischer has not pushed a pawn in anger since he ground Boris Spassky into Reykjavik's volcano tundra 14 years ago, and the Fischer chess boom was fading before Kasparov burst onto the scene in the 1980s.

For the small minority of the public who are keen chess players, Kasparov's popularity is easy to explain. His games are the most dramatic of the modern era, full of beautiful combinations and wild invention. Not for him the gradual accumulation of small advantages that characterises the play of Karpov, who succeeded Fischer as champion and has now failed in his attempt to regain the title he lost to Kasparov last year.

Kasparov's seeming tendency to indulge in the sheer gamble — it is as if he throws pieces in the air like dice, hoping they land on the right squares — has made him a favourite with the chess-playing public. This is the way they sometimes play; it entrances them to think that the World Champion has the same cavalier approach.

But this is a profound mis-understanding of Kasparov's methods. His sacrifices are never speculative, but are based on enormous quantities of midnight oil and exhaustive calculations at the board. The risks appear great to the public only because they cannot fathom the complications that Kasparov engineers. Those who have taken him on in match

## Man in the News

Gary Kasparov

# Next move, a part in Dallas

By Dominic Lawson



probably not tell the difference between the King's Indian Defence and a Cornish pastie. Among the second category, Kasparov is loved because he beat Karpov. Karpov became a figure in the demonology of the Western Press because he was unsporting enough to destroy the world championship challenge of Viktor Korchnoi, a Soviet defector whose family left the Soviet Union for many years refused to allow to join him.

Above all, Kasparov is simply a much more colourful character than the steely Karpov. Karpov is frail and does not wash his hair too often. Kasparov has swarthy good looks. Kasparov collects stamps. Kasparov collects actresses. (He recently proposed to one, Marina Nevelskaia, but she is thought to have

declined the gambit.)

Above all Kasparov is the first chess champion to recognise the power of public relations. He has hired a British manager, Andrew Page, who has ably turned him into a personality, that category of person who is famous for being famous. Mr Page got Kasparov onto the Terry Wogan TV show, and has persuaded the Miss World organisers to appoint him as a judge at the competition in London next month.

Mr Page is now plotting to get Kasparov a walk-on part in Dallas. Even Bobby Fischer got no further than the Bob Hope Show. And isn't Gary a good name?

When Kasparov first appeared in chess journals his name was Garik. If Mikhail Tal, the great Soviet world champion of the early 1960s, had been called Mike Tal, who knows what he might have achieved?

When the West takes Kasparov to its heart because he is so far removed from its unloved stereotype idea of a Russian, it is right. Kasparov is not a Russian, like the glacial Karpov, but is half Jew half Armenian. He has spent all his life in Baku, the largest city in the Caucasus.

His emotional outbursts and effusive nature do not represent an assimilation of Western pop culture, but are simply the normal characteristics of a native of that rather unruly part of the Soviet Union. Ask any Russian.

Despite the unconventional image, Kasparov is as dutiful a member of the Soviet Communist Party as Karpov. Indeed Kasparov became a party member at the age of 19, seven years younger than Karpov. Kasparov has his own supporters in the Kremlin, notably Gaidar Aliev, the Deputy Prime Minister. It is true that 10 years of being World Champion has given Kasparov time to pack the Soviet Chess Federation with his supporters, but Kasparov has shown himself ready to battle for his domestic political position with the same ferocity that he fights for squares on the chess board.

Kasparov will probably have to defend his title again against Karpov in a year's time. He will lose only if he becomes careless. In the match just ended he was crushing Karpov 4-1, but allowed him to pull back to 4-4, suffering an unprecedented three defeats in three games.

Kasparov reacted by sacking one of his team of analysts, Evgeny Vladimirov, apparently convinced that he had been leaking secret opening analysis to the other side. It seems a most improbable reason for his defeat but he seems unable to believe that Karpov can beat him fairly and squarely in a game. That alone could prove his undoing.

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## THE POUND IN TROUBLE

# Lawson's problems far from over

MR NIGEL LAWSON got his standing ovation and the Conservative Party was spared the embarrassment of finding the carefully-orchestrated optimism of its annual conference disrupted by a rise in interest rates.

But, despite the euphoria among delegates leaving Bournemouth yesterday, it is hard to escape the feeling that the Chancellor's troubles in financial markets are far from over.

Another turbulent week in the currency markets left sterling looking distinctly vulnerable. The pound is now worth nearly 5 per cent less than at the beginning of last month against the currencies of Britain's main trading partners.

The conventional wisdom in the City is that, barring an about-turn by the Prime Minister on early membership of the European Monetary System, interest rates will still have to go up at some stage. If not, rapid growth in the money supply and a weakening pound could trigger a new upturn in inflation.

The Square Mile's pundits have been wrong before, and it is still possible that this particular storm will blow itself out. There is something to the view that sterling is an innocent bystander caught up in the turbulence caused by much wider disagreements between leading industrial nations on the appropriate value of the dollar.

There are also, however, much more fundamental worries among the investors and speculators who decide currency values these days.

If the immediate trigger for sterling's latest decline was the US-West German squabble over interest and exchange rates, the underlying causes look disturbingly British.

The record current account deficit on the balance of payments in August is likely to turn out to be something of an aberration. But it has focused attention on a real deterioration in Britain's trade position following the collapse of export earnings from North Sea oil.

The International Monetary Fund is predicting that the £5bn current account surpluses typical of the past few years will turn into a deficit of nearly £1bn in 1987. By 1991, it says, the shortfall will be sizeable.

Over the last year, when buoyant consumer spending has been the only real impetus to economic growth, imports have been rising by around 7 per cent in volume terms compared with an increase of about only 2 per cent in exports.

At the same time the competitive gains from a lower pound are being eroded by high pay awards. Britain's unit costs over the last year rose 5 per cent more rapidly than those of its competitors.

In financial markets, that jogs memories of the 1970s when Britain was faced with a vicious circle of current account deficits, sterling devaluations and rising inflation.

Mr Lawson's view, supported by a recent Bank of England study, is that the fall in the exchange rate will over time give the competitive gains necessary to bring non-oil trade into better balance. The problem is that the short-term horizons of financial markets are not compatible with the medium-term assessments provided by computerised economists.

It is against that background that investors have become concerned about the rapid growth of the money supply and of private sector credit.

In the admittedly blurred monetary framework within which the Chancellor has chosen to operate almost all of the signals are pointing to a need for higher interest rates.

The sharp fall in the exchange rate earlier in the year could be accepted with equanimity because of the counter-inflationary impact of the fall in oil prices.

The Bank of England estimates that the halving of fuel costs and the nearly 13 per cent devaluation of the pound in the 12 months to August almost cancelled themselves out in terms of the impact on prices.

The pound's latest fall may still be part of a lagged reaction to lower oil prices, but it is doubtful that there is any additional offset in terms of inflation. The Treasury's own forecasts indicate that the present underlying rate of inflation of 34 per cent compared with 2 per cent or below in West Germany and virtual price stability in Japan, is likely to rise.

The Government's other chosen monetary indicators are hardly reassuring. The broad

Philip Stephens  
Economics Correspondent

DRIVING FROM Vienna to Bonn can encourage hallucinations. You cross the border at, say, Salzburg and then seem to have to drive for another three or four hours before you get into West Germany. This is because you are in the Free State of Bavaria, a sort of Teutonic fairytale, a place inhabited by jolly, beer-quaffing farmers, nuclear physicists and glamourous women.

Stop off in the towns and they will be filled with large images of a fat, smiling man who appears to have no neck. He is Franz-Josef Strauss. Tomorrow the people who live in Bavaria are having an election so that Mr Strauss can stay in charge.

Other West Germans are perfectly content not to disturb this picture of Bavaria. With Berlin no longer the dream city that it was, they have made chic, fur-coated Munich their favourite place to play. In return, the Bavarians have given West Germany Mr Strauss, its favourite son, its most fervent patriot.

Mr Strauss is more famous, more loved and more despised than Chancellor Helmut Kohl will ever be.

The week in Mainz, where Mr Kohl's Christian Democrat (CDU) party was having a convention, Mr Strauss — by virtue of his Christian Social Union (CSU) being the Bavarian sister to the CDU — was along to confirm his stature. Mr Kohl's keynote speech was so boring that delegates continued shuffling in and out of the hall and even some friendly journalists had their faces on their desks after the first hour.

The problem for Mr Lawson is that he has specifically eschewed a policy of setting interest rates to influence short-term trends in output in the economy.

The result is that many in the financial markets believe that the Chancellor has ignored the logic of his own policies by not raising interest rates.

The Chancellor will obviously seek to bridge the credibility gap in his promised speech on monetary policy at the Mansion House on Thursday.

What he would like to be able to do would be to announce full British membership of the European Monetary System, creating a formal link between sterling and the D-mark and between British and West German inflation.

In the absence of such a change, interest rates remain the key instrument of policy. In his last major speech on the subject Mr Lawson was unequivocal. "A firm exchange rate is an important discipline on industrial costs... We have not hesitated and will not hesitate to raise interest rates as and when necessary."

Unless things change between now and Thursday he has some explaining to do if he is to regain the initiative in the foreign exchange markets.

Philip Stephens  
Economics Correspondent

## A question of dependants

From Mrs P. Barwise

Mrs Virgo (October 4) complains of "the series of specious attacks" on "the Chancellor's long-overdue proposals to give married women equality in the eyes of the Inland Revenue."

Come off it: the Chancellor's proposals will make women more unequal (which is why they are opposed by the Equal Opportunities Commission, amongst others); and the campaigning has been the other way. I refer Mrs Virgo to the Financial Times on September 12 where I read of "a campaign by the Government through the summer to win support for the proposals" and of a speech by the Chief Secretary to the Treasury urging support and pointing out the September 30 deadline for submissions on them. The Conservative Women have campaigned for years to get transferable allowances instead of the married man's allowance. The propaganda campaign behind the Chancellor has been widespread and sustained.

Mrs Virgo complains that all the FT letters attacking the plan are from men. Well, I am a non-married woman in circumstances expected to benefit from it. Here's why I oppose it:

There is no good reason why marriage by itself should provide financial benefits denied to others and paid for by others. Single or married, old or young, everybody has housework. Why should it be only married women who are subsidised to do it? Why should, say, a mother and daughter living together be denied the facility of transferable allowances just because they cannot get married? Why should those couples lucky enough to be able to live on the earnings of one spouse be subsidised to allow the other to sit at home?

Donald Roy,  
52a Harewell Road, SW15.

## Letters to the Editor

exchange rate mechanism of the European Monetary System — that entry just now might lead to a fall in British interest rates. In Britain they are higher than anywhere else in Europe. Joining the EMS now would probably lead to a vast inflow of foreign funds thereby pushing sterling up against the top of its band. The only solution other than a premature realignment would be a reduction in interest rates.

Bryan Cassidy  
The Staples  
White Cliff Gardens  
Blewdon, Dorset

Appropriate values

From Mr D. Roy

Sir — Samuel Brittan argues (October 2) that the pound is "as long last" appropriately valued against the Mark. It is not clear on what he bases this claim.

It is true that it has fallen to a level where unit labour costs in manufacturing are at par with those in Germany. Our other principal competitors, however, among them France, Japan and the United States, have exchange rates at levels where unit labour costs in German manufacturing are now some 20 per cent above theirs.

It does require a remarkable leap of faith to argue that the quality of British products is now so high that manufacturers here can bear a substantial cost and price handicap with respect to all but one of our industrial rivals.

Donald Roy,

52a Harewell Road, SW15.

Shipowners fear a false dawn

From K. D. Shattoe

Sir — Kevin Brown's thoughtful article (September 24) on the recent tanker market resurgence seems to neglect a point of some gravity and likely influence on the course of events over the next few years, namely, the very high average age of the existing fleet in virtually all size and type categories, except perhaps, chemical carriers.

The fact that scrapping has

slowed recently in the face of improved freight rates, only raises the percentage of ageing, failing tonnage. Average age overall of the world fleet now stands at 11 years. In the past three years many supertankers of less than 10 years have been

slowed in 1986 in response to a firmer freight market, loss through the activities of the Gulf War protagonists is rapidly making up the deficit, not always removing the veterans.

Ageing vessels, maintained to minimum required standards by shipowners deeply in debt to their banks constitute a palpable threat to safety at sea. It might require only one major spillage in full public view — say of the South of France — for considerable restraints to be applied to tankers past their youth, perhaps even total banning.

Then where would the market stand? Korean and Taiwanese yards virtually booked through 1989. Japan presently priced out of all competition by the yen's strength and Europe almost closed down. Of such are some shipowners' dreams.

K. D. Shattoe  
2 Mulberry Close,  
Beaufort Street, SW3.

Labour Party tax proposals

From Mr M. Fitzpatrick

Sir — I was interested to note that the Labour Party has apparently backed off slightly from its slogan "No one under £27,000 will be worse off" as a result of the Labour Party's tax proposals. The Party, however, is apparently sticking to the line (October 7) that only "a few" will be worse off below this level. This line may well be difficult to defend, not least for the following reasons.

The proposed abolition of the ceiling, above which no further National Insurance Contributions (NICs) are paid, will hit everyone currently earning more than £14,820 per annum. Someone on £20,000 per annum will be worse off by £466 per annum from this measure alone.

The proposal to limit all allowances to the basic rate will not only hit those currently paying higher rate tax. It will also hit those who would currently pay higher rate tax but not for the fact that their allowances are given at the highest marginal rate. In practice, the abolition of higher rate relief for tax allowances will as such increase the tax bill of all those earning above the higher rate tax threshold of £17,200. A person, earning £20,000 pa, and with a mortgage, would pay some £306 per annum extra tax under this proposal — on top of the £466 per annum extra NICs already mentioned above.

To assist in calculating the

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## UK COMPANY NEWS

# Maxwell making another major US acquisition

BY CHARLES BATCHELOR

British Printing & Communication Corporation, Mr Robert Maxwell's printing and publishing group, is making its second major US acquisition with the purchase of Providence Gravure for \$152.5m (£106.4m) cash.

The deal, which is expected to be completed by the end of the year, comes less than two weeks after BPCC announced it had won the backing of the board of Webb Company, another US publisher, to a \$117m takeover bid. Webb's shareholders still have to be won over, however.

Gravure is a subsidiary of the Providence Journal Company. It made profits of about \$15m in 1985 and has total assets of \$120m. It claims to be one of the largest consumer magazine and commercial catalogue printers in the US.

Gravure employs 1,700 in five plants in Providence, Rhode Island; Dallas, Texas; Richmond, Virginia; Mount Morris, Illinois and Morristown, Tennessee.

Mr Maxwell said Gravure was an attractive company because of its management strength, the quality of its printing facilities and its excellent product.

"It will help us to maximise opportunities for BPCC in the lucrative US market place," he added.

BPCC last month acquired Philip Hill Investment Trust and sold its £350m portfolio to raise funds for its ambitious expansion programme in the US

## Record profits for Prestwich

Prestwich Holdings, the rapidly-changing leisure company reported record pre-tax profits of £3.25m, against £1.95m, for the year to the end of June 1986. The directors said that the company ended the year with a strong balance sheet and firmly established in its chosen areas of operation and the subsidiaries were enjoying substantial growth.

Turnover for the Manchester-based company rose from £19.2m to £43.32m. Earnings per share came out at 6.1p (5p) and the directors are proposing an increased final payment of 0.5p, against an adjusted 0.35p, to make the total for the year 0.85p (0.525p).

In the month before the end of the year the company acquired Bush Radio, the figures for which have been included on merger accounting principles with the comparables being restated. During the year Prestwich also acquired Mobile Merchandising, one of the UK's largest manufacturers and

licences holders for pop tee-shirts, sold 80 per cent of Optical and sold most of its remaining engineering interests.

The Video Collection was launched in October last year making the company the market leader in pre-recorded video cassettes, the directors said. In November Mobile acquired the rights to certain Disney characters and recently the Looney Tunes characters from Warner Brothers and the product range had been extended to include stationery and calendars. It suffered an unusually poor first half, the directors said, but recovered in the second to finish ahead of expectations.

**• comment**  
Prestwich was once keen to dispense the old adage that the market will not make passes at leisure companies wearing glasses. However, since the sale of its optician "core business," this one-time engineering company has concentrated

## Offer values Wooltons at £10m

BY ALICE RAWSTHORN  
Wooltons Betterware, a Midland-based manufacturer and retailer of soft furnishings, is coming to the Unlisted Securities Market in an offer for sale which will value its business at £10.4m.

The company is the product of a demerger from the family-owned furniture and furnishings manufacturer, Queensway Securities in which all its consumer-related activities were spun off. Wooltons Betterware emerged with Wooltons, a chain of 131 soft furnishings shops and concessions. Betterware, a door-to-door catalogue selling operation, and Eskrich, which manufactures soft furnishings

for the retail multiples. "The time has come to develop these companies much more aggressively than we have in the past," said Mr Andrew Cohen, managing director, who will head the company with Mr Robert Thornton, former chairman of Debenhams, as non-executive chairman. "It made sense to spin off the three consumer companies into one publicly quoted company."

The flotation will generate £2.05m in cash, £1.65m of which will be used to reduce the borrowings incurred by the demerger and to finance expansion. The company is eager to expand both the Wooltons shops

### John Crowther dismisses senior employee

Another senior employee at John Crowther, the rapidly-expanding textile group, has had his contract terminated and is now considering legal action.

"Norton Opax's claim to be able to run our businesses better than we can rings somewhat hollow as McCorquodale is now achieving considerably higher growth than Norton Opax," asserts the document.

McCorquodale also claims that a merger would damage the security and legal printing businesses of both companies.

Commenting on publication of the document, Richard Hawell, chairman of Norton Opax, said last night: "There's nothing new in it—the facts are just what they've said before and the profit forecasts are in line with the figures we've used."

Norton shares rose 7p to 140p yesterday. McCorquodale was unchanged at 263p.

### Tiphook rights

Tiphook has announced that 4.89m shares have been taken up in its rights issue (99.2 per cent). The balance has been sold in the market.

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145	118	Ass. Brit. Ind. Ord...	132	—	7.3	5.5	8.1	7.6
151	121	Ass. Brit. Ind. CULS...	100	—	10.0	—	—	—
125	43	Airspun Group	56	7.8	7.9	6.0	5.4	—
48	28	Armitage and Rhodes...	38d	+ 2	4.2	11.7	6.0	4.8
195	108	Bardon Hill	195	+ 2	4.8	2.4	22.2	20.3
81	42	Bray Technologies	20	—	4.3	5.4	9.5	8.7
201	75	CCL Ordinary	91	—	2.9	3.2	6.5	10.1
233	80	Carbonium Ord.	253	+ 2	8.1	3.6	12.2	12.5
94	63	Carborundum 7.5p Pl.	92	—	10.7	11.6	—	—
139	46	Deborah Services	139	—	7.0	5.0	14.5	19.0
52	29	Frederick Parker Group	105	—	—	—	—	—
125	60	George Blair	105	—	2.8	3.6	2.7	3.8
218	102	Great Precision Bearings	35	+ 2	5.0	3.4	22.8	18.6
125	101	Jackson Group	152d	—	18.1	4.8	2.1	2.1
377	228	James Burrough	370	+ 2	17.0	4.6	10.4	9.5
100	55	James Burrough SpclPl.	93	—	1	12.9	13.9	—
102	342	Multihouse NV	730	- 40	—	—	41.4	84.0
386	280	Record Ridgeway Ord...	378	—	14.1	16.0	6.8	11.7
100	32	Robert Jenkinson	88	—	—	—	3.9	5.5
38	28	Scruttons "A"	37	—	—	—	—	—
122	68	Torday and Carlisle	122d	—	5.7	4.7	7.4	7.5
370	320	Trevian Holdings	322	—	7.9	2.5	6.7	8.8
70	25	Unilock Holdings	69	—	2.8	4.1	12.7	11.9
102	47	Water Alexander	95s	—	5.0	5.1	9.4	9.0
228	190	W. S. Yates	197	—	17.4	8.8	19.7	21.9



Initial trading in TSB Group shares was hectic yesterday morning and the price of the 50p partly-paid share briefly changed hands at 102p, having opened at 98p. However, the price later fell as small selling orders flooded the trading floor and the shares closed at 85p.

## Ryman and Interlink share flotations are oversubscribed

BY ALICE RAWSTHORN

WHILE private shareholders scrambled to sell their Trustee Savings Bank shares yesterday, the flotation of Ryman, the office equipment retailer, and Interlink, the overnight parcels delivery service, both closed oversubscribed.

Ryman joined the Unlisted Securities Market eight days ago in an offer for sale by tender. The company released 3.73m shares at a minimum tender. The company released the offer closed yesterday it had received applications for around 5m shares.

Ryman's stockbrokers, L Messel, has decided to delay

the announcement of the striking price of the shares and the basis of allotment until Monday. Messel was eager to avoid the confusion that the start of dealings in TSB shares has caused. And to ensure that the announcement coincides with the start of a day's dealings and of the new Stock Exchange account on Monday.

Application for Interlink shares were divided between individual and institutional investors. Interlink is the first company to have offered preferential rights to shares to its franchisees as well as to employees. Around 120 franchisees and employees applied for 184,000 shares.

Dealers in the shares of both Ryman and Interlink should begin next Friday.

## Petronal expansion plan blocked

BY LUCY KELLAWAY

SHAREHOLDERS in Petronal, the London-listed US oil company, yesterday blocked the company's plans to double its size through a £6m rights issue and the acquisition of Apollo Energy, a private US oil group.

The proposals were over-

turned by a tiny majority at a general meeting in London, with 50.56 of the votes cast against the motion. These votes represented just 59 shareholders, far fewer than the 173 who voted in favour of the plan.

Dr Norman White, chairman of Petronal said yesterday that he was "disappointed that a

small number of shareholders have, for their own reasons, prevented us from making this acquisition and denied the vast majority of our investors the considerable benefits which we believe this deal would have given them."

Petronal said yesterday that it was not going to change its course as a result of the defeat, and was still looking for expansion opportunities. "We will not be deterred in any way from our efforts to strengthen the company for the good of all our shareholders," Dr White said.

Petronal's shares closed unchanged yesterday at 34p.

## Capital restructuring at Yeoman

BY HUGO DIXON

THE directors of Yeoman Investment Trust have recommended an innovative restructuring of the trust which, it is claimed, could result in both its size through a £6m rights issue and the acquisition of Apollo Energy, a private US oil group.

The proposals were over-

turned by a tiny majority at a general meeting in London, with 50.56 of the votes cast against the motion. These votes represented just 59 shareholders, far fewer than the 173 who voted in favour of the plan.

Dr White earlier this week argued that the deal was significant

not in shareholders' interests. The letter said that the rights issue would depress the share price and that the acquisition would dilute oil production and reserves per share.

Petronal said yesterday that it was referring in part to the hostile vote cast by Inoco, a fellow US oil company, which unsuccessfully attempted to take over Petronal earlier this year. Inoco, which owns about 7 per cent, voiced its hostility to the proposals in a letter to Dr White earlier this week which argued that the deal was

## Edenspring Investments to purchase Brahm Hill

BY HUGO DIXON

Edenspring Investments has entered into a conditional agreement to acquire Brahm Hill, a private company which is involved in corporate communications in the financial, mineral and industrial sectors.

The consideration is £600,000 to be satisfied by the issue to the directors of Brahm Hill of 12m new ordinary shares of

shares will get no income, but will have the right to all the capital appreciation on investments.

The City reacted well to the news. Yeoman shares, which had been trading at 335p on 18.5 per cent discount on a net asset value of 411p, on September 28 closed at 382p, up 44p, yesterday.

Mr David Thomas, a broker at Messel, which advised the company, said that the clue to the deal was capital gearing.

"In the past, a lot of split-level

investments trusts were launched with lives of 25 years. As a result, the real capital value of the income shares was eroded over time and the gearing was reduced. Limiting the life to six years avoids this."

Mr Barry Olliff, an investment trust specialist at Ledingham and Crucksank, the brokers, said the deal was significant.

The restructuring exercise, provided shareholders approve, should be completed by November 10.

Ewart New Northern, the

Edenspring's property company, is raising £1.13m via a placing of 1.1m new ordinary shares at 110p each. The placing was arranged by Capel-Cure Myers and will help fund Ewart's purchase of a stake in Joseph Webb, a holiday and property company, which will

now reach 12.6 per cent.

Stated earnings per share were 3.9p (7.9p losses).

Dividends shown in pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. +On capital increased by rights and/or acquisition issues. +USM stock.

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## INTL. COMPANIES and FINANCE

## Intel in the red and seeks disposal

BY LOUISE KEHOE IN SAN FRANCISCO

**INTEL CORPORATION**, one of the largest US semi conductor manufacturers, reported steep third quarter losses and announced that it will abandon its efforts in bubble memory technology.

Third quarter losses totalled \$11.4m or 97 cents per share compared with a net loss of 54m or three cents per share in the same quarter last year. Revenues rose to \$321m from \$312m in the third quarter of 1985.

Losses for the first nine months of 1986 totalled \$157m.

or \$1.34 per share, compared with earnings of \$16m or 14 cents per share last year.

Revenues for the period were \$303m, down from \$31m a year ago.

The third quarter losses include a \$56m charge stemming from the closure of manufacturing operations in Barbados and the consolidation of operations in Puerto Rico with associated lay offs.

Intel announced yesterday that it will phase out its bubble memory business and is actively seeking a buyer. About 240 jobs may be cut as a result of this action, the company said. Intel pioneered the bubble memory, a solid state magnetic technology that can withstand harsh environments. Bubble memories failed to find widespread use as the cost of alternative technologies fell precipitously over the past few years.

Intel also said losses for the third quarter were higher than expected due to manufacturing problems encountered when the company shifted production to one US facility to another

early in the quarter. The problems have now been solved, the company said, but declined to elaborate.

Mr Gordon E. Moore, Intel chairman, said several positive developments should help Intel's future earnings. "We're closing plants, getting out of some businesses like double memory that don't fit into our strategy, and making strategic investments to get into others, like application specific circuits, that do fit. The outcome will be a more focused, successful Intel," he said.

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# WORLD STOCK MARKETS

## NEW YORK

Stock	Oct. 10	Oct. 9	Stock	Oct. 10	Oct. 9	Stock	Oct. 10	Oct. 9	Stock	Oct. 10	Oct. 9
AR	223	234	Chubb	67	67	Morgan Thielok	364	351	Schlumberger	331	321
AGC Computers	161	184	Cigna	551	561	Scientific Atlan.	343	321	Sequoia Paper	62	62
AMCA	104	104	Cincinnati Mil.	211	212	Multimedias	43	45	Scott Paper	62	62
AMCI Corp.	69	59	Citcorp	484	494	Murphy Oil	143	143	Sequoia Tissue	26	26
ASA	97	98	Cisco Equipment	194	194	Sea Co.	26	26	Sequoia Tissue	17	17
AVX Corp.	97	98	Cliffs Iron	48	47	Sequoia Tissue	17	17	Sequoia Tissue	17	17
Abbott Labs.	44	44	Coax Corp.	31	31	Sequoia Tissue	161	161	Sequoia Tissue	17	17
Acme Cleveland	108	108	Coca Cola	356	356	Sequoia Tissue	244	244	Sealed Power	204	204
Adobe Res.	62	62	Collins Aitken	20	20	Sequoia Tissue	324	324	Sequoia Tissue	413	413
Advanced Micro	143	158	Colt Ind.	96	96	Security Ind.	321	321	Service Master	214	214
Activa Life	563	564	Columbia Gas	424	424	NBD Bancorp	471	461	Shred Med. Sys.	324	324
Ahmanson (H.F.)	223	214	Combined Int.	68	68	Hewlett Packard	651	651	Shell Trans.	537	537
Alt Prog & Chem	258	265	Commonwealth Ed.	314	314	Hilton Hotels	651	651	Sigmas Admistr.	98	98
Altman's	15	15	Comm. Satellite	304	304	Hitchcl	734	734	Singer	614	614
Alecan Aluminum	304	304	Comp. Sciences	314	303	Holiday Inns	704	691	Skyline	151	151
Aico Standard	404	404	Computertronics	143	137	Honeywell	1087	1087	Skaterly Group	224	224
Alexander & Al.	36	36	Cons. Edison	447	447	Hornbeam	285	285	Smith Kline	3	3
Allied Banches	183	183	Cons. Freight	206	206	Hospital Corp.	511	511	Sonat	271	267
Allied Signal	41	40	Household	267	267	Hospital Corp.	524	524	Sonoco Prods.	364	364
Allied Stores	663	664	Interstate	494	494	Hormel Brew.	41	409	Sonic Prods.	71	71
Allis Chalmers	313	3	Consumer Power	444	437	Household	227	227	Southstar Ind.	7	7
Alcos	266	264	Cont'd. Corp.	474	474	Hutton (EP)	281	281	Star Service Ind.	471	471
Almsx.	144	144	Cont'd. Hldgs.	30	29	IAC Inds.	5	5	Starwest Corp.	324	324
Almidai Corp.	191	191	Control Data	278	254	Husky Oil	67	67	Stearns	13	13
Amerada Hess	247	254	Converg. Techs.	5	5	Hutton (EP)	47	454	Southland	12	12
Am. Brands	437	438	Cooper Inds.	404	404	Hyatt	137	137	Southwest Air.	107	107
Am. Cynamid	746	75	Corsair Adf.	52	52	IAC Inds.	242	242	Southwest Ind.	38	38
Am. Elec. Power	571	571	Corporate	62	62	Illinoi Power	264	264	Square D.	424	424
Am. Express	571	571	Corporation Glass	36	36	IIC Corp Amer.	62	62	Quibb	98	98
Am. Int'l Corp.	242	242	Corrocon & Black	367	367	Ind. Corp Amer.	123	123	Quibb	98	98
Am. Greetings	242	242	Crane	284	284	Ind. Corp Amer.	123	123	Quibb	98	98
Am. Host	714	714	Gray Research	75	75	Ingersoll Rand	154	154	R&B Corp.	271	271
Am. Home Prod.	756	756	Gulf Coast	50	50	Int'l. Corp Amer.	123	123	R&B Corp.	271	271
Am. Int'l.	183	186	Gurnee Wright	614	614	Intel	41	41	R&B Corp.	271	271
Am. Medical	161	161	Inter First Corp.	178	178	Inland Steel	154	154	R&B Corp.	271	271
Am. Nat'l. Corp.	48	48	Intergraph	81	81	Interlak Corp.	714	714	R&B Corp.	271	271
Am. National	571	571	Interlake Corp.	81	81	Ogihly Group	214	214	R&B Corp.	271	271
Am. Petrotine	55	55	Dana	894	894	Ohio Casualty	81	81	R&B Corp.	271	271
Armco	7	7	Dart & Kraft	654	654	Super Value Str.	513	513	R&B Corp.	271	271
Armstrong Wid.	553	554	Datapoint	76	76	Ohio Edison	159	159	R&B Corp.	271	271
Arm. Standard	41	41	Dayco	264	264	Oil Ind.	40	40	OTR	924	924
Arm. Standard & Tel.	554	554	Dayton Hudson	264	264	Ontrous Corp.	214	214	Tal	1154	1171
Ametrich	1307	1311	Delta Electronics	264	264	Overseas Ship.	771	771	Tamco Corp.	102	102
Amtek	264	264	Denso	267	267	Owens Corning	261	261	Tandon	214	214
Amfac	657	657	Depot	278	278	PACCAR	424	424	Tandy	35	35
AMFO	376	376	Dixie Print	321	321	PHH Group	312	312	Tektronix	605	611
Amalg Devices	153	154	Detroit Edison	164	164	PNC Financial	424	424	Tele-Com	324	324
Anchor Hong Kong	52	52	Diamond Shamrock	115	115	PPI Inds.	651	651	Telstar Corp.	214	214
Apogee Comp.	132	132	Dodge	264	264	Poole Prods.	181	181	Telstar Corp.	214	214
Appio Comp.	334	335	Dolby	264	264	Potash Corp.	24	24	Telstar Corp.	214	214
Arizona Pub. Ser.	201	201	Dome Mines	64	64	Potash Corp.	454	454	Telstar Corp.	214	214
Arktur	7	7	Dominion	501	501	Potash Corp.	454	454	Telstar Corp.	214	214
Arrington Wid.	553	554	Dover Corp.	561	561	Potash Corp.	454	454	Telstar Corp.	214	214
Arrow Int'l.	104	104	Dow Chemical	561	561	Potash Corp.	454	454	Telstar Corp.	214	214
Arrowhead Oil	604	604	Dresser	184	184	Potash Corp.	454	454	Telstar Corp.	214	214
Assco Dry Goods	554	554	Duke Corp.	448	448	Potash Corp.	454	454	Telstar Corp.	214	214
Atlantic Rich	554	554	Dynadry	264	264	Potash Corp.	454	454	Telstar Corp.	214	214
Autonex Pro.	251	251	Eagle	507	507	Potash Corp.	454	454	Telstar Corp.	214	214
Avantek	157	157	Eaton	691	691	Potash Corp.	454	454	Telstar Corp.	214	214
Avery Int'l.	571	571	Echlin	261	261	Potash Corp.	454	454	Telstar Corp.	214	214
Avnet	270	270	Emery Air Fdg.	154	154	Potash Corp.	454	454	Telstar Corp.	214	214
Bacardi	571	571	Emhart	136	136	Potash Corp.	454	454	Telstar Corp.	214	214
Baird	571	571	Engelhard	261	261	Potash Corp.	454	454	Telstar Corp.	214	214
Balkan	554	554	Enpac	264	264	Potash Corp.	454	454	Telstar Corp.	214	214
Bally	554	554	Federal Mogul	414	414	Potash Corp.	454	454	Telstar Corp.	214	214
Banff	40	40	Fleetwood Ent.	264	264	Potash Corp.	454	454	Telstar Corp.	214	214
BAF Telecom	271	271	Fluor	134	134	Potash Corp.	454	454	Telstar Corp.	214	214
Barrett Glass	424	424	Ford Motor	534	534	Potash Corp.	454	454	Telstar Corp.	214	214
Brown Forman	524	524	Fort Wm. Paper	534	534	Potash Corp.	454	454	Telstar Corp.	214	214
Brown Group	324	324	Freespace	114	114	Potash Corp.	454	454	Telstar Corp.	214	214
Brown & Sharp	257	257	Fresport Mchf	434	434	Potash Corp.	454	454	Telstar Corp.	214	214
Brown's	424	424	Fruit	176	176	Potash Corp.	454	454	Telstar Corp.	214	214
Brownell	404	404	GAF	524	524	Potash Corp.	454	454	Telstar Corp.	214	214
Brownell	554	554	Gates & Crellin	524	524	Potash Corp.	454	454	Telstar Corp.	214	21

# CURRENCIES & MONEY

## FOREIGN EXCHANGES

### Dollar resumes weaker trend

**THE DOLLAR** fell to its worst closing level for over five and a half years against the D-Mark yesterday, following comments by Mr. Claus Koehler, a director of the West German Bundesbank, that previous intervention had not been aimed specifically at holding any particular dollar/D-Mark level. Traders took this as a further invitation to put into practice the dollar's bearish feel which up until now had been lacking conviction much below DM 2.0 on fears of central bank support.

Trading conditions were further complicated by proximity of the weekend and Monday's partial closure in the US for a holiday. Mr. Koehler added that the central bank could not hope to arrest the dollar's decline but merely slow it. In addition the resignation of

Bank America's chief executive added further to the dollar's bearish trend.

Against the D-Mark it closed at DM 1.9885 down from DM 2.0085 on Thursday and Y154.40 compared with Y154.90. It was also lower against the Swiss franc at SF 1.6181 from SF 1.6200 and SF 1.6175 against FF 9.3571. On Sunday, in England figures, the dollar's exchange rate index fell from 108.6 to 108.4.

Sterling finished slightly up on Thursday's close. Trading during the morning and early afternoon saw the pound trade within a narrow range but it fell away in the afternoon, the dollar weakened, before turning round at the close, to finish at 67.5 on its exchange rate index, down from 67.7 at the opening but up from 67.5 at Thursday's close.

Belgian rate is for convertible francs. Financial from 59.65-59.75. Six-month forward dollar 3.35-3.35. 12-month 3.35-4.00 per cent.

**& IN NEW YORK**

Oct 10	Last	Previous
\$ Spot	1.4251-1.4265	1.4250-1.4260
1 month	1.4248-1.4246	1.4248-1.4247
3 months	1.4242-1.4248	1.4242-1.4247
12 months	1.4235-1.4237	1.4235-1.4240

Forward premiums and discounts apply to the US dollar.

#### STERLING INDEX

Belgian rate is for convertible francs. Financial from 59.65-59.75. Six-month forward dollar 3.35-3.35. 12-month 3.35-4.00 per cent.

#### POUND SPOT—FORWARD AGAINST THE POUND

Belgian rate is for convertible francs. Financial from 59.65-59.75. Six-month forward dollar 3.35-3.35. 12-month 3.35-4.00 per cent.

#### DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Belgian rate is for convertible francs. Financial from 59.65-59.75. Six-month forward dollar 3.35-3.35. 12-month 3.35-4.00 per cent.

#### CURRENCY RATES

\* CSDR rate for Oct. 9; 7.16356

#### CURRENCY MOVEMENTS

Morea: Suyari changes: average 1980-1982/83. Bank of England Index (Base average 1970-1980). Bank of England Index (Base average 1970-1980).

#### OTHER CURRENCIES

Yen per 1,000; French Fr per 10; Lira per 1,000; Drach. per 100.

## MONEY MARKETS

### Bank continues to hold fast

The Bank of England declined all offers at yesterday's Treasury bill tender for the second week running, underlining its determination to retain the current interest rate structure. There were sufficient applications for the £100m of bills on offer but no bids would have led to an officially unsatisfactory rate of discount.

Interest rates were generally lower as sterling showed an all rise for the second day running. Three-month interbank money was quoted at 101-101 1/2 per cent down from 101-11 1/2 per cent. Longer term rates were also easier but in such a way to dilute out the yield curve, underlining the market's uncertainty about interest rate movements next week. Much will depend on Thursday's speech at the Mansion House by Mr. Nigel Lawson, Chancellor of the Exchequer. Elsewhere week and money opened at 8-9/4 per cent and touched a high of 16 per cent before coming back to around 8 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take-up of Treasury bills together, draining £125m and Exchequer transactions a further £5m. There was also a rise in the note circulation of £240m. These were partly offset by banks' drawings brought forward £10m above target. The forecast was revised to a shortage of around £450m and the Bank gave assistance in the morning of £215m through outright purchases of eligible bank bills in hand at 2 at 9% per cent, £75m in hand at 3 at 9% per cent and £9m in hand at 4 at 9% per cent. Late help came to £40m, making a total of £350m.

Additional assistance was given in the afternoon of £25m through outright purchases of eligible bank bills in hand at 2 at 9% per cent and £1m at 9% per cent. Late help came to £40m, making a total of £350m.

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# STOCK EXCHANGE DEALINGS

## THURSDAY'S ACTIVE STOCKS

Stock	No. of changes	Thurs.	Day's	No. of changes	Thurs.	Day's	No. of changes	Thurs.	Day's	No. of changes	Thurs.	Day's	No. of changes	Thurs.	Day's
Stock	No. of changes <td>Thurs.</td> <td>Day's</td> <td>No. of changes<td>Thurs.</td><td>Day's</td><td>No. of changes<td>Thurs.</td><td>Day's</td><td>No. of changes<td>Thurs.</td><td>Day's</td><td>No. of changes<td>Thurs.</td><td>Day's</td></td></td></td></td>	Thurs.	Day's	No. of changes <td>Thurs.</td> <td>Day's</td> <td>No. of changes<td>Thurs.</td><td>Day's</td><td>No. of changes<td>Thurs.</td><td>Day's</td><td>No. of changes<td>Thurs.</td><td>Day's</td></td></td></td>	Thurs.	Day's	No. of changes <td>Thurs.</td> <td>Day's</td> <td>No. of changes<td>Thurs.</td><td>Day's</td><td>No. of changes<td>Thurs.</td><td>Day's</td></td></td>	Thurs.	Day's	No. of changes <td>Thurs.</td> <td>Day's</td> <td>No. of changes<td>Thurs.</td><td>Day's</td></td>	Thurs.	Day's	No. of changes <td>Thurs.</td> <td>Day's</td>	Thurs.	Day's
Woolworths	37	562	-29	BP	20	100	10	100	10	100	10	100	10	100	10
Cors. Gold Fids.	26	652	-25	Int'l Cont. Gas.	503	+12	10	503	10	503	10	503	10	503	10
British Steel	25	140	+7	Pilkington Bros.	460	+14	10	460	10	460	10	460	10	460	10
Allied Tech.	24	938	+15	RTZ	109	-7	10	717	10	725	10	717	10	725	10
Glass	23	947	+2	Cadbury Schweppes	185	+3	10	185	10	185	10	185	10	185	10
Gilbert House	21	65	-20	Anstrad	17	126	—	—	—	—	—	—	—	—	—

## 5-DAY ACTIVE STOCKS

Stock	No. of changes	Last	Change	Stock	No. of changes	Last	Change	Stock	No. of changes	Last	Change	Stock	No. of changes	Last	Change				
Westinghouse	151	536	+166	BP	103	717	+73	Brown & Root	20	100	10	100	10	100	10	100			
Dow Gold Fields	135	662	-183	British Gas	101	140	+12	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46
Grand Met.	107	857	+26	Cable & Wire	95	322	+30	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46
ICI	103	211	+4	Morgan Croftell	94	378	-22	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46

## YESTERDAY'S ACTIVE STOCKS

Stock	No. of changes	Last	Change	Stock	No. of changes	Last	Change	Stock	No. of changes	Last	Change	Stock	No. of changes	Last	Change				
Based on bargains recorded in Stock Exchange Official List.				Based on bargains recorded in Stock Exchange Official List.				Based on bargains recorded in Stock Exchange Official List.				Based on bargains recorded in Stock Exchange Official List.							
Stock	No. of changes <td>Last</td> <td>Change</td> <td>Stock</td> <td>No. of changes<td>Last</td><td>Change</td><td>Stock</td><td>No. of changes<td>Last</td><td>Change</td><td>Stock</td><td>No. of changes<td>Last</td><td>Change</td></td></td></td>	Last	Change	Stock	No. of changes <td>Last</td> <td>Change</td> <td>Stock</td> <td>No. of changes<td>Last</td><td>Change</td><td>Stock</td><td>No. of changes<td>Last</td><td>Change</td></td></td>	Last	Change	Stock	No. of changes <td>Last</td> <td>Change</td> <td>Stock</td> <td>No. of changes<td>Last</td><td>Change</td></td>	Last	Change	Stock	No. of changes <td>Last</td> <td>Change</td>	Last	Change				
Woolworths	188	100	+10	BP	103	717	+73	Brown & Root	20	100	10	100	10	100	10	100			
Cors. Gold Fids.	26	652	-25	Int'l Cont. Gas.	503	+12	10	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46
British Steel	25	140	+7	Pilkington Bros.	460	+14	10	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46
Allied Tech.	24	938	+15	RTZ	109	-7	10	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46
Glass	23	947	+2	Cadbury Schweppes	185	+3	10	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46
Gilbert House	21	65	-20	Anstrad	17	126	—	Brown & Root	97	83	-46	Brown & Root	97	83	-46	Brown & Root	97	83	-46

## NEW HIGHS AND LOWS FOR 1986

Stock	Closing	Day's	Closing													
TRUSTS (1)	188	200	188	TRUSTS (1)	188	200	188	TRUSTS (1)	188	200	188	TRUSTS (1)	188	200	188	TRUSTS (1)
TEAMS (1)	188	200	188	TEAMS (1)	188	200	188	TEAMS (1)	188	200	188	TEAMS (1)	188	200	188	TEAMS (1)
TEAMS (2)	188	200	188	TEAMS (2)	188	200	188	TEAMS (2)	188	200	188	TEAMS (2)	188	200	188	TEAMS (2)
TEAMS (3)	188	200	188	TEAMS (3)	188	200	188	TEAMS (3)	188	200	188	TEAMS (3)	188	200	188	TEAMS (3)
TEAMS (4)	188	200	188	TEAMS (4)	188	200	188	TEAMS (4)	188	200	188	TEAMS (4)	188	200	188	TEAMS (4)
TEAMS (5)	188	200	188	TEAMS (5)	188	200	188	TEAMS (5)	188	200	188	TEAMS (5)	188	200	188	TEAMS (5)
TEAMS (6)	188	200	188	TEAMS (6)	188	200	188	TEAMS (6)	188	200	188	TEAMS (6)	188	200	188	TEAMS (6)
TEAMS (7)	188	200	188	TEAMS (7)	188	200	188	TEAMS (7)	188	200	188	TEAMS (7)	188	200	188	TEAMS (7)
TEAMS (8)	188	200	188	TEAMS (8)	188	200	188	TEAMS (8)	188	200	188	TEAMS (8)	188	200	188	TEAMS (8)
TEAMS (9)	188	200	188	TEAMS (9)	188	200	188	TEAMS (9)	188	200	188	TEAMS (9)	188	200	188	TEAMS (9)
TEAMS (10)	188	200	188	TEAMS (10)	188	200	188	TEAMS (10)	188	200	188	TEAMS (10)	188	200	188	TEAMS (10)
TEAMS (11)	188	200	188	TEAMS (11)	188	200	188	TEAMS (11)	188	200	188	TEAMS (11)	188	200	188	TEAMS (11)
TEAMS (12)	188	200	188	TEAMS (12)	188	200	188	TEAMS (12)	188	200	188	TEAMS (12)	188	200	188	TEAMS (12)
TEAMS (13)	188	200	188	TEAMS (13)	188	200	188	TEAMS (13)	188	200	188	TEAMS (13)	188	200	188	TEAMS (13)
TEAMS (14)	188	200	188	TEAMS (14)	188	200	188	TEAMS (14)	188	200	188	TEAMS (14)	188	200	188	TEAMS (14)
TEAMS (15)	188	200	188	TEAMS (15)	188	200	188	TEAMS (15)	188	200	188	TEAMS (15)	188	200	188	TEAMS (15)
TEAMS (16)	188	200	188	TEAMS (16)	188	200	188	TEAMS (16)	188	200	188	TEAMS (16)	188	200	188	TEAMS (16)
TEAMS (17)	188	200	188	TEAMS (17)	188	200	188	TEAMS (17)	188	200	188	TEAMS (17)	188	200	188	TEAMS (17)
TEAMS (18)	188	200	188	TEAMS (18)	188	200	188	TEAMS (18)	188	200	188	TEAMS (18)	188	200	188	TEAMS (18)
TEAMS (19)	188	200	188	TEAMS (19)	188	200	188	TEAMS (19)	188	200	188	TEAMS (19)	188	200	188	TEAMS (19)
TEAMS (20)	188	200	188	TEAMS (20)	188	200	188	TEAMS (20)	188	200	188	TEAMS (20)	188	200	188	TEAMS (20)
TEAMS (21)	188	200	188	TEAMS (21)	188	200	188									



**Widgates Unit Trust Managers**  
21 Honey Lane, London EC2V 5HJ  
01-505 0000  
2nd Series Life Assuranc...  
**Windsor Trust Managers Ltd**  
Crown House, London WC2A 6SD  
01-405 6331  
Globe Trust Co.  
61-62, 7th Floor, 125 Old Broad St, London EC2N 7AH  
01-508 0000  
Great West Life  
120 Gloucester Rd, London SW1 7AT  
01-508 0000  
Wright Silversmith Fund Managers  
118 Strand, London WC2R 4HQ  
01-508 0000  
Woolley Carter for Tayside  
The Woolley General Trust  
Weston Park, Fossdyke, Huddersfield  
Y.A.T.  
138-4 01-513

**INSURANCES**

**AA Friendly Society**  
Investment Mkt & G Inv Mgt Ltd  
PO Box 75 Cardiff CF3 4NA 0222 3500

AA Friendly Ass 12  
100-1

**Away Life Assurance Co Ltd**  
10 Victoria Street, London SW1V 4QF  
01-533 5000

AA Funds (Accumulation Units)

AA Fund









# FINANCIAL TIMES

Saturday October 11 1986



## Tory protest to BBC on news 'bias'

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE Conservative Party is to make a formal complaint to the BBC alleging that political bias has been injected into some of its television news bulletins.

The decision comes as suspicion within the party over its treatment by the BBC has reached new heights, and within days of the controversial appointment as BBC chairman of Mr Marmaduke Hussey, a former chief executive and managing director of Times News papers.

Mr Norman Tebbit, Conservative Party chairman, announced the decision to lodge a complaint at the party's annual conference at Bournemouth. It followed a rigorous examination

"marked each pejorative phrase and each intrusion of political comment in the guise of factual news." It had then been compared with coverage of the same event by Independent Television News. He said the BBC "will be hearing from us soon."

Mr Tebbit referred also to recent allegations that the BBC had failed to screen a television play based on the Falklands conflict because the author refused to portray Mrs Thatcher in a more critical light. He said he still awaited a plausible explanation of the affair.

The Central Office decision to confront the BBC with its evidence reflects its determination to halt what it regards as an increasing left-wing bias which extends through news bulletins to a wide range of other programmes. This belief was reflected in several motions on the media put forward during this week's conference.

"We await with interest the evidence to support Mr Tebbit's remarks on our news coverage."

Tebbit attack, Page 6

## Dollar's fall bolsters sterling

By Philip Stephens,  
Economics Correspondent

THE POUND yesterday got some respite from a falling dollar on foreign exchange markets but still ended a turbulent week worth 1 per cent less than on Monday, leaving the prospects for British interest rates uncertain.

After disappointment with the address to the Conservative Party conference by Mr Nigel Lawson, the Chancellor, the City is now looking to Mr Lawson's speech next week at the City's Mansion House for clarification of official policy on the exchange and interest rates.

There is still some speculation in financial markets, however, that with the party conference over, the authorities could be forced to raise interest rates before the Mansion House statement on Thursday.

Officials in Whitehall appear to concede that unless there is a revival in sterling's fortunes — perhaps through an agreement on oil prices at the meeting of the Organisation of Petroleum Exporting Countries in Geneva — then the case for a tighter monetary policy is growing.

Yesterday, however, the Bank of England blocked an immediate increase in borrowing costs by refusing to issue any bills at its weekly Treasury auction as the pound benefited from a weak dollar. Interest rates in the London money markets eased slightly.

The dollar, which had been supported earlier in the week by joint intervention by European central banks, fell sharply after a senior official at West Germany's Bundesbank said that the banks were not seeking to defend a specific rate.

Professor Claus Koehler, a Bundesbank board member, told bankers that the central banks also acknowledged that they could not indefinitely resist underlying trends in the foreign exchange markets.

The comments effectively neutralised the earlier intervention and the dollar fell to DM 1.9865 at the London close, 1.9 pennies below Thursday's level. Sterling gained 1.1 cents against the dollar to end the day in London at \$1.4335 but lost 0.25 pennies to close at DM 2.8475. The sterling index showed a gain of 0.3 points to 67.6.

The Bank of England said that it was adding 18 tranches, each of £25m, of existing gilt-edged stock to its portfolio to smooth the transition to the new-style market which will follow the City's Big Bang Money markets, Page 12; Opec talks, Page 4; Lawson's problems, Page 9.

## SE firms face Big Bang ban if computer systems fail test

By Alan Cane

THE STOCK Exchange has set a deadline of 8 pm next Thursday for member firms to prove their new computer systems are working properly or face a ban on trading after Big Bang on October 27.

In a series of sharply worded notes to member firms this week, the exchange said firms must ensure that their electronic trading and information systems can communicate with the central Exchange computers when the stock market reforms are introduced.

Of 18 firms trading in equities which the Exchange was worried about, two are making poor progress with their systems and five are still causing concern.

Among the market makers in gilts, four firms are causing serious worries, and a further four are making only fair progress.

The systems of the other gilts market makers are running smoothly.

The warnings from the exchange have prompted firms to work on ironing out the problems with their computers. A systems specialist said yesterday: "Firms I was seriously worried about only a week ago seem to be getting their act together."

The exchange is this morning testing its central electronic information system, the Stock Exchange Automated Quotations System (SEAQ), in a dress-rehearsal for Big Bang.

Market Makers and broker-dealers will engage in simulated trading up until 6 pm tonight. A week today, a final full-scale rehearsal involving both equities and gilts will check the readiness of the SEAQ, which will distribute price information on up to 3,000 equities and gilt-edged securities and enable market makers to put in their deals and prices, is at the core of the exchange's electronic developments.

Computer experts say the system is ready to cope with Big Bang, although much work still needs to be done. One

said it would be "nip and tuck."

In the next two weeks, for example, the job of recording on the system which market maker is dealing in which stock will be carried out requiring some 15,000 to 20,000 separate registrations.

Mr Michael Newman, head of information and trading systems at the Exchange, said yesterday he was confident that SEAQ would be ready for Big Bang.

Mr Michael Baker, head of settlement division, said the dividend was being suspended "with a view to the redundancy of some 15,000 to 20,000 separate registrations.

There is still a huge amount of work left for some firms to do, but we are confident enough to have taken them off our black list," he said.

NMW Computers, the settlement bureau whose performance in recent weeks had given cause for concern, had improved, he said. A high-speed data transmission network had eased matters for the London firms most affected by the technical problems afflicting NMW.

## BankAmerica chief resigns

By William Hall in New York

Mr Sam Armacost has resigned as chief executive of BankAmerica Corporation, the struggling west coast banking group which has suffered heavy loan losses and persistent take-over rumours.

A successor has not been named but there were reports yesterday that Mr A. W. Clausen, Mr Armacost's predecessor, was emerging as frontrunner for what is considered one of the toughest jobs in the US banking industry.

Mr Clausen, 63, resigned as president of the World Bank last year.

Mr Armacost's resignation, which will be submitted formally to an emergency board meeting in San Francisco tomorrow, comes only four days after the group announced that it had received an unsolicited \$2.5bn (£1.95bn) takeover offer from First Interstate, a smaller but more profitable Californian rival.

Mr Armacost's resignation, which will be submitted formally to an emergency board meeting in San Francisco tomorrow, comes only four days after the group announced that it had received an unsolicited \$2.5bn (£1.95bn) takeover offer from First Interstate, a smaller but more profitable Californian rival.

On Wall Street, where criticism has been mounting of Mr Armacost's failure to turn around the fortunes of America's second-biggest banking group, Mr Armacost's departure was welcomed and BankAmerica's shares rose by \$1 to \$147 in early trading.

Mr Jim McDermott, research director of Keefe Bruyette & Woods, a leading firm of US bank stock analysts, described yesterday's announcement as "a positive development" and said that Mr Armacost's credibility had been "severely strained."

Since Mr Armacost, 47, took over as chief executive in April 1981, BankAmerica has axed its \$1.52 a share annual dividend and its profits have fallen from a peak of \$646m in 1980 to a loss of \$337m last year.

In the first half of 1986 the group lost another \$577m. Its non-performing loans of \$5bn overshadow shareholders' funds of \$4bn and its capital ratios are among the weakest of any large bank which is known to be causing concern among US bank regulators.

In recent weeks the group has been buffeted by unsubstantiated rumours which forced BankAmerica to take the unusual step of asking the authorities around the world to investigate what it described as "preposterous and irresponsible" allegations circulating in the financial markets.

Mr Armacost said yesterday: "External perceptions about the

bank have been so eroded by rumour and speculation that a change in management is necessary to help restore confidence in this organisation's capabilities and future. The best interests of our shareholders, customers and employees have always been by principal concern, and if my stepping aside serves that purpose, I do so willingly."

Mr Armacost said that he was confident that the management transition would be handled smoothly and that he stood ready to assist in whatever way desired.

There were widely differing views on Wall Street about the prospect of Mr Clausen, the architect of BankAmerica's rapid growth, returning to take Mr Armacost's job.

Mr David Cates, a leading US bank consultant, said that "the return of Tom Clausen, who is a major part of the entire problem, is inconceivable to me."

However, other analysts said that Mr Clausen would be a "stabilising influence" at a bank which has been racked by senior management upheavals in recent years.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISSES:	
Treas. 13/pc '00-03 £120+ 1	
Treas. 13/pc '04-08 £124+ 1	
Appleyard ..... 143 + 7	
Blue Circle ..... 580 + 19	
Brit. & Commn. .... 230 + 17	
Buckley's Brewery ..... 122 + 9	
Chime & East Inv. .... 70 + 16	
Conroy Petroleum ..... 245 + 39	
Countryside Progs. .... 220 + 15	
Foster (J.) ..... 147 + 6	
Hargreaves ..... 262 + 8	
Hirstock Johnnes ..... 102 + 10	
Imp. Cont. Gas ..... 522 + 19	
Inchcape ..... 455 + 12	
Mitchell Cotts ..... 554 + 4	
Norton Opax ..... 140 + 7	
RHM ..... 250 + 7	
Scapa ..... 245 + 10	
Standard Chartered ..... 757 + 12	
Yeoman Invs. ..... 380 + 42	
FALLS:	
ACM ..... 194 - 18	
Barclays ..... 462 - 12	
BP ..... 685 - 11	
Brit. Syphtn ..... 86 - 7	
Dalgety ..... 260 - 8	
Dee Corp. ..... 213 - 13	
Jaguar ..... 528 - 10	
Metals Expln. ..... 50 - 14	
North Kalgari ..... 58 - 10	
Ultramar ..... 162 - 8	

## WORLDWIDE WEATHER

Y'day	midday	midday	midday	midday	midday	midday	midday
°C °F	°C °F	°C °F	°C °F	°C °F	°C °F	°C °F	°C °F
Almeria S 24 76	C 24 75	Gulf C 24 75	Ljubljana S 24 75	Peking S 19 65	Prague S 18 65	Rome F 24 70	Tunis S 24 75
Alexandria S 18 64	C 18 64	Dublin S 17 63	Madrid S 24 75	Paris S 21 70	Prague S 15 58	Rome F 24 70	Tunis S 24 75
Athens S 24 75	C 24 75	Dubrovnik S 23 73	Majorca F 26 79	Reykjavik S 6 43	Rome S 15 58	Tokyo C 24 75	Tunis S 24 75
Bahrain S 35 95	C 35 95	Edinbgh. S 13 55	Malaga F 24 76	Rhodes S 25 77	Rio J'a S 15 58	Tokyo C 24 75	Tunis S 24 75
Barcelona S 22 72	C 22 72	Faro S 24 75	Malta C 13 55	Rio J'a S 15 58	Rome F 24 70	Tokyo C 24 75	Tunis S 24 75
Belur F 26 78	C 26 78	Florance S 23 73	Melbourne C 13 55	Singapore S 14 57	Sofia S 14 57	Tokyo C 24 75	Tunis S 24 75
Berlaff S 13 55	C 13 55	Gibraltar C 11 55	Milan S 25 77	Singapore S 14 57	Sofia S 14 57	Tokyo C 24 75	Tunis S 24 75
Bernard S 13 55	C 13 55	Gibraltar C 12 54	Montreal S 1 - 30	Sofia S 14 57	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Berlin S 18 64	C 18 64	Gibraltar C 23 75	Milan S 27 70	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Cairo S 20 68	C 20 68	Glasgow F 13 55	Montreal S 1 - 30	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Gibraltar C 14 57	G'msey C 14 57	London F 13 55	Montreal S 1 - 30	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Blackpl. F 13 55	Holigkpl. R 5 41	London F 13 55	Moscow S 41 55	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Bombay S 30 86	H. Kong C 27 61	Munich C 11 52	Sydney S 19 66	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Borde. S 19 66	Imabrk. S 17 63	Madrid S 21 70	Tunis S 24 75	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Boulog. C 14 57	Le Man. S 13 55	Malaga S 26 77	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Brussels S 18 64	Istanbul F 17 62	Madrid S 26 77	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tokyo C 24 75	Tunis S 24 75
Budapest S 18 64	Jarosl. F 17 62	Madrid S 26 77	Tokyo C 24 75	Tokyo C 24 75	Tokyo C		

# WEEKEND FT

Saturday October 11 1986

• MARKETS • FINANCE &amp; THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT

There's more to the World Wildlife Fund than panda preservation. Richard Rolfe looks at an increasingly popular area of business sponsorship.

**E**NVIRONMENTALISTS and the business community were sworn enemies 15 years ago. Today they are increasingly working together for their mutual benefit. Businessmen are sensitive to special interest groups and have been stung by past attacks. Now they have moved to support conservationists—partly to disarm their critics, and partly because they have discovered that links with conservation projects can help the bottom line.

At the same time the environmentalists, written off in these many years as sandalled freaks, have moved gradually into the mainstream. Jonathan Porritt, of Friends of the Earth, thinks the Greens' success in the West German elections of 1980 was crucial in changing the perceptions of businessmen and politicians. "Any party which could elect 28 MPs wasn't just about weirdos," he says. Since then, "We have become part of the political process in an enduring way."

The key intermediary in the rising flow of funds now being channelled from business sources into environmental projects is the World Wildlife Fund. It celebrates its 25th anniversary this year. Many other conservation bodies can claim greater seniority, but the Fund has worked its way into pole position by virtue of its success in raising money. It is also close to government, acting for example as the guardian of the Environment's agent in the official drive to drum up business sponsorship for conservation and advising the Foreign Office on the environmental impact of aid projects. William Waldegrave, the Environment Minister, is an enthusiast for the Wwf: "It could teach a few businesses I know a thing or two about marketing."

Originally the brainchild of Sir Peter Scott and a number of well-known naturalists, the Fund began operations in Switzerland with emphasis on saving rare animal species from extinction. Among its enduring successes are the panda, the tiger and the Arabian oryx. An early supporter, too, was Prince Philip, who was the founder-president of the Fund's UK branch in 1961 and is today its international president. He is deeply involved in Fund activities: he estimated that they absorb 15 per cent of his time when I interviewed him about his work for the Fund earlier this year. Only the International Equestrian Federation claims a similar commitment.

As conservation efforts progressed during the 1960s and 1970s it became more and more apparent, Prince Philip observes, that the Fund's work had to go beyond rescuing threatened species: "Whole eco-systems are under threat now." A proportion of the Fund's money still goes into species protection, "but the rate of exploitation of the world's resources is so fast that if you don't put your marker down quickly, there'll be nothing left to protect." Things would be a great deal worse, he believes, but for the Fund, which has channelled £60m to more than 4,000 conservation projects since its inception.



## Call of the wild

Faced with this sort of challenge, the Wwf began to seek increasing levels of funding from the business community and to reshape itself along businesslike lines. In this process the key figure in the UK branch of the Fund, one of 24 national branches affiliated to the international headquarters in Geneva, has been its current director, George Medley. Now 55, he has been director for eight years and does not anticipate a change of job before retirement in 10 years' time.

At his office in the Fund's UK headquarters in Godalming, Surrey, Medley is proud of the operation's growth and productivity. The year he took over, the income of the UK branch was £800,000; grants to conservation projects amounted to £500,000; the staff complement was 70. By 1985 income had risen to £5m; £3m flowed into conservation—and staff numbers were unchanged.

Medley says that all his heads of departments are ex-industry, and most new recruits have a background of industry or commerce, particularly in the highly effective fund-raising section. Like any good businessman, Medley is looking for continued growth. His target is an income of £10m by 1988, the bulk of it from business.

The present income base is more diversified. A fifth of annual income is from membership subscriptions, and about the same from regional fund-raising and companies. Lesser sums come from legacies, donations—“it’s amazing

how often £20 in notes comes through the door”—and trading. From 20,000 in 1978 membership has built to 400,000 active names at present—a valuable mailing list, though one which the Fund refuses to sell or rent out.

The list of blue chip companies which have already sponsored projects through the Fund is impressive. It includes Ford, Fiat, BP, Consolidated Gold Fields, Beecham, IBM, Whitbread, Citibank and Pearl Assurance. All of these have accepted that sponsoring conservation is “not a matter of altruism” (in the phrase of Sir Arthur Norman, trustee-emeritus of the Fund and chairman of De La Rue). This year the Fund obtained its biggest sponsorship ever, a commitment of £1m spread over three years from Heinz. This, the “Guardians of the Countryside” campaign, will fund a large number of conservation projects, and says John Hinch, Heinz managing director, “underlines our sense of social responsibility.”

The Wwf philosophy is that a conservation sponsorship can achieve a number of aims, of which polishing a social responsibility image is only one. Support for projects, says Jane Kaufman, head of corporate fundraising for the Wwf, can help new product launches, new business ventures and achieve a heightened brand loyalty. One satisfied customer is Cadbury. The company linked with the Fund in 1985 to launch its Wildlife Bar, aimed at the

four to seven year old age group. The candy bars come in a range of six different wrappers, each depicting an endangered animal; with every purchase, the Wwf gets a donation. Cadbury says “tens of thousands” of pounds have been raised for the company's nominated projects: preserving international wetlands, and tree conservation in English woodlands. Supporting the launch was an 18-page booklet in exchange for 12 wrappers. It attracted a staggering 200,000 applications. Cadbury says its sales of 20 gms bars are up 30 per cent “and we have helped establish ourselves as a caring, socially-minded company.”

Selling merchandise on the back of an animal logo is not new, as a score of products, from the HMV dog to British Telecom's zoo, demonstrate. Nor is Wwf participation essential. What the Fund does is identify conservation projects in need of support: its current selection with their accompanying “price guides” resemble an estate agent's magazine and the Wwf markets them to selected targets as a means of attaining defined corporate objectives.

One company which proved susceptible to the Fund's charms was Office Cleaning Services, the cleaning group. Geoff Dove, marketing director of OCS, says that three years ago he had become disillusioned with the group's traditionally sports-oriented programme. “The majority of them do little for the sponsor and some can even detract,” Dove says. “The classic was Gillette, which withdrew from sponsorship of the Gil-

lette Cup when it kept being asked for cricket bats.” Dove found that his promotions using prominent sportsmen “attracted too many free-loaders and undesirables, while the fact that someone can kick a ball doesn't mean he can make a speech.”

Approached by the Wwf, Dove had visions of “rescuing a chunk of Brazilian rain forest,” but he was eventually persuaded to help save the British barn owl instead. Recalling the campaign, George Medley notes that the Fund picked the barn owl “because it works at night and controls rodents—very suitable for an office cleaning concern.” Dove, who confesses that he did not realise the barn owl was in trouble until he was on the receiving end of a Wwf sales drive, says his worst moment came when he unveiled the plan to his board. “There was a long silence, then they all fell about laughing.”

But within a few months, Dove claims attitudes had changed. Ocs found great latent interest in the environment, it began to get improved attendance by a higher level of management among customers at its sales seminars. Moreover, the conversion rate of prospects into Ocs customers has improved.

Many of the Fund's most successful business sponsorships have involved companies with a large customer base, producing fast-moving consumer goods. The relentless fund-raising drive has been extended to financial institutions. Prudential Corporation has supported the British Trust for Conservation Volunteers, the leading charity which tackles conservation work. Peter Traynor, the Pru's publicity manager, says the original involvement came about when government asked the Wwf to get more money from business: “They thought the BTcv would be right up our street.”

The attraction for the Pru is that the BTcv works throughout Britain—as a national company we have to be even-handed—and would reach parts of the market the Pru was missing, particularly the target group in the 18-25 range. BTcv projects, such as repairing stone walls or digging ditches, are practical—and there's something left at the end of the day,” Traynor points out, “not like a concert or a sporting event.” He admits to a touch of pride when he passes the Long Man of Wilmington—“It's good to know we restored the left foot”—and says an added bonus is the enthusiasm which conservation sponsorship generates. “You've got to see the kids working on a project to see what fun they're having,” Traynor concludes.

(Britain's chalk giants may have a special attraction for sponsors. Reckless the Cerne Giant, a particularly ram-pant figure, proved a satisfactory exercise for the BTcv and Heineken, which said that in this instance, it was “refreshing the parts other beers daren't reach.”)

Both Prince Philip and George Medley emphasise that the essential point about the Wwf is that it is not involved in conservation as such: its business is raising money for the support of specific projects and for distribution to conservation bodies. For example, Medley says, the Wwf gives large amounts of money to organisations like the Royal Society for the Protection of Birds and the Royal Society for Nature Conservation, the umbrella for the country naturalists' trusts. The structure which has evolved in Britain's conservation movement is a strong fund-raising capacity centred on, though not exclusive to, the Wwf; and a huge diversity of professional and amateur groups all doing their own thing. So the money-raising side tries to operate as efficiently as possible, while the diversity of individual money-spend-

ing bodies harnesses the zeal of individual conservationists to the fullest extent.

However, of the funds which Medley's Wwf team raises in the UK, two-thirds are spent internationally. After allowing for expenses, Prince Philip explains, the national Wwf bodies can retain one-third of net revenue for domestic projects. A third goes to Wwf in Geneva for outlay on international projects, and a third can be spent by the individual national Wwf branches on international projects “in consultation with the international organisation.” The relationship of the Geneva Eq to the national Wwf branches is possibly unique. The 24 national branches are, in George Medley's definition, “autonomous charities,” the only legal link being that they are allowed to use the Wwf logo, a trade mark of the international body.

In the worldwide portfolio of conservation projects, those protecting wetlands and rain forests are now high priorities. But these “habitat protection” projects are increasingly beyond the scope of either business or the Fund to resolve. “They can't be dealt with as straight conservation problems,” says Prince Philip. “As with acid rain, there's a huge pollution problem, but there's also huge government and public interest.” Environmentalists like Jonathan Porritt see this as an indication that conservation issues are rapidly assuming greater importance, admittedly not yet on a par with defence or unemployment, but very much at the front of the second-rank issues.

In William Waldegrave's view, “an extremely powerful new wave of environmental concern is developing.” The present British Government certainly seems to recognise the environment as a “sleepy” issue, with possible repercussions both locally and nationally. To this end, it is trying to co-ordinate its response to problem areas, particularly between the UK government departments of agriculture and the environment.

But money for conservation, he believes, must come primarily from business. The best way, of course, is development of industrial processes which do not despoil the environment, but short of that, business has a vested interest in showing concern for the environment by the other means open to it. Through sponsorship of conservation, Waldegrave considers that business can help combat our “anti-industrial culture,” of which he believes there is a danger that “environmentalists” may become another manifestation.

Could business and the environmentalists become too entwined for their mutual good? Porritt thinks not. There are always businesses trying to get some kudos without doing anything substantive,” he says. “But there are also many who genuinely want to support conservation.” For Medley, the families of fundraising have not yet been surveyed. For instance, he says, the Wwf accepts money from the CEGB and others with no strings attached, without condoning anything, “and reserving the right to criticise or condemn.”

Is there anyone from whom the Wwf would not take money? George Medley recalls the question put to him early one morning by John Timson on Radio 4: would the World Wildlife Fund accept funds from British Nuclear Fuels? Only a few days later did Medley come across the response he wished he had made at the time: “I should have quoted Barbara Ward,” he says. “There is no dirty money, only dirty deals with money.”

### The Long View

## The high costs of taking a risk

In the wake of the McDonald Wheeler collapse, Barry Riley argues that the responsibility for insuring against losses from such fiascos should be placed firmly on the investor.



THIS WILL upset a good many people, especially the unfortunate investors who may have lost most of their life savings, not to mention the embarrassed self-regulators at the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra); but the crash of McDonald Wheeler might turn out to be no bad thing.

The protracted bull market has made people complacent about the riskiness of fringe investment operators. It is a long time since the crash of firms such as Norton Warburg and M. L. Doxford set into motion the wheels which, grinding slowly, have produced the Financial Services Bill. That Bill is about to enter the final stages of its progress through Parliament.

There is nothing like an old-fashioned failure of an investment company to focus people's attention on some basic issues of investor protection. Discussion of the Bill has tended to get bogged down in the obscurities of statutory regulation versus self-regulation, or whether special exemptions should be granted to corporate treasurers or swap traders. But who is going to prevent Auntie Mabel from cutting out the wrong coupon and making a dreadful mistake?

In the wake of the McDonald Wheeler affair, the debate has predictably swung in the direction of compulsory compensation schemes. This has generated complaints from the likes of the Stock Exchange, which does not approve of the idea that the new legislation will insist on an overall umbrella. That could mean that Stock Exchange firms will stump up for Fimbra failures, (or, of course, the other way around).

Compensation schemes have inevitable limitations. The

will burn down, or that a jumbo jet will crash upon it, and I take out an insurance policy to provide protection. If I have neglected to buy cover, I have nobody to blame but myself.

Similarly, if I own a bag of diamonds or a parcel of bearer bonds I have to bear in mind the possibility that somebody will sneak into the house in the dead of night, or more probably, when I am away for

a bank holiday weekend, and make off with them. Again, it is my responsibility to protect myself.

Oddly, people behave in quite a different way with what are defined as investments. The risk that advisers or fund managers might run off with the money is not recognised. Instead, investors trustingly send off large cheques in response to nothing more substantial than an advertisement in a newspaper and a glossy brochure. All too often they look back after an unsolicited telephone call from somewhere like Amsterdam (though the Dutch are cleaning up their act now) in which a charming salesman offers quick and easy profits.

Membership of Fimbra, or any other self-regulatory organisation, can only reduce risks, not eliminate them. It might be possible to provide a guarantee. But that could only be done at the cost of eliminating choices and stifling innovation. Compulsory compensation schemes are indeed a significant step in that direction.

The investment industry has got into this fix because of his determination to hide costs from the investor. Marketing and advisory expenses tend to be bundled into the initial investment, with the pretence that they can be capitalised rather than written off. Now the pressure is to bundle risk protection, too.

The reasoning, of course, is that if an investor is not made aware of such costs he will be more easily tempted to buy. But the other side of the coin is that if he does not recognise the costs and risks of an investment he will not accept the consequences. In particular, he will try to blame others—intermediaries, perhaps, or SROs, or the government, if he loses.

The way out of this tangle is to put the responsibility for insuring his risks firmly on the

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+101.2	2nd.....34
+94.8	7th.....104
+78.3	6th.....86
+76.7	7th.....86
+73.2	25th.....37
+67.5	6th.....82
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## MARKETS

# Sterling: the swings and the roundabouts

THE BARE figures might suggest that this has been a dull few days in London's securities markets. gilt-edged prices wobbled a bit around the middle of the week, but were soon rallying strongly; equity prices held up well.

But the headlines have been telling a different story—about a sterling crisis, interest rate threats and general financial drama. At the centre of it all has stood the portly figure of Nigel Lawson, the Chancellor of the Exchequer, who—depending on your taste—has been playing the role either of King Canute or Sir Winston Churchill.

The reality has been that the run on sterling—down by roughly 5 per cent since the end of August—has indeed been putting serious pressure on the financial markets. Treasury mandarins were looking distinctly uneasy on Wednesday when a half-hearted attempt to support the currency was brushed aside in the foreign exchange markets. Once again, there was a real chance that interest rates would have to go up to check the decline.

However, the falls have in good part been driven by the kind of short-term speculative swings which make Lawson so cross—and which can blow themselves out just as easily as they can create further problems.

Although the Chancellor hardly mentioned sterling during his big speech on Thursday, he did make a convincing show of his Government's determination to keep up the fight against inflation. This was a shrewd move, since the inflationary implications of sterling's decline are what have really been worrying the City.

You can measure this by comparing the yield on conventional short dated gilts with that on the index-linked variety. The gap between the two has widened noticeably during the last month or so, suggesting that investors have become less willing to take a risk on inflation.

By yesterday morning, the gilt-edged market seemed to have recovered its nerve. But conditions are still very uncertain, and Lawson is going to have to please a different type of audience next week when he is due to address the financial establishment at the Mansion House.

There is not a lot for equities to do, in the meantime, until the outlook for interest rates becomes clearer. In terms of relative yields, share prices are now looking highly valued: a chart showing the three-month interbank rate divided by the yield on the All-Share Index shows a steep rise in the past few weeks. Equity yields have

also risen to the top of their recent trading range relative to long dated gilts.

But there is still a fair degree of confidence about the medium-term outlook. As brokers de Zoete and Bevan put it recently, the fall in sterling should have the dual

which is no doubt what has been supporting oil shares.

On the company news front,

Jaguar brought out its long-awaited and vitally important new model. The critics seemed to like it, and so did the stock market, with the share price holding steady in active trading.

Waterford Glass emerged

as a white knight bidder for Wedgwood, the subject last April of an unwelcome bid from London International Group, which has been grinding its way through the Monopolies and Mergers Commission.

Waterford is offering what looks like a full price for this leading manufacturer of fine bone china, and it was able quickly to take its shareholding up over 50 per cent by buying in the market. Waterford's new management has done an impressive job in the past year or two, and putting the two companies together seems to make quite a lot of sense.

The merchant banking sector must be praying for more action of this kind for their takeover departments. Many of their share prices have fallen like stones since the summer—a period in which there have been fewer mega-merger proposals, and nerves have started to be stretched by the approach of Big Bang.

Morgan Grenfell came to the

market right at the top of the wave with an over-priced tender offer in June. Since then its shares have dropped by a quarter, which is not the best way to go about winning friends and influencing people.

This week's news that it had beaten its prospectus forecast by a comfortable margin with a 50 per cent increase in interim profits is greeted with loud yawns and a rather fall in the share price. The problem is that no-one expects it to maintain its income from merger and acquisition work over the short term, and meanwhile it is having to find a large and very expensive staff on the newly emerging securities side.

Among the other merchant

shares a further boost on

Thursday, RTZ shares have also been active and strong.

Elsewhere in the natural

resources sector, oils have again

been firm for much of the week,

even though the Opec meeting in Geneva is threatening to turn into a long drawn out and messy affair.

Saudi Arabia and Kuwait have been pressing

very hard for a larger share of

whatever "production total" is

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terms of market demand, leading

some analysts to worry that

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If anything, though, crude oil prices have been look-

ing a bit firmer in recent days,

**Richard Lambert**

## London

effect of boosting UK corporate profitability in 1987, and of bringing sterling down to a level at which UK investment becomes attractive to foreigners. Provided that the outlook for inflation does not deteriorate further, this kind of sunny optimism could well be sustained.

Meanwhile there have been bursts of speculative activity in a number of big blue chip companies. Boots and Grand Metropolitan have both seen heavy turnover this week.

Among the mining finance houses, the price of Consolidated Gold Fields has been shooting ahead in active trading, and a bullish profits and dividend forecast gave the

market right at the top of the wave with an over-priced tender offer in June. Since then its shares have dropped by a quarter, which is not the best way to go about winning friends and influencing people.

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## Ulcers are no worry for Glaxo

PRELIMINARY figures for GLAXO HOLDINGS, due on Tuesday, are expected to show pre-tax profits up around 40 per cent to £565m from last year's £402.9m.

Zantac, the ulcer drug, continues to be the main spur to profits growth, with around 50 per cent of the market in the US. Other products with growth potential include the anti-asthma drug Ventolin and the antibiotic ceftazidime.

Net investment income could be nearly double last year's £2.5m, but there will be no contribution from Vestric which was sold in March 1985. A slightly higher tax charge is likely to keep earnings per share growth below the rate of increase in pre-tax profits.

In spite of a heavy exposure to weakening foreign currencies, Paterson Zochonis is expected to lift pre-tax profits

for well over half its profits and recently completed a £100m capital investment programme in that country. This spending and the Nigerian Government's decision to allow the import of essential raw materials will have helped the company against the decline of the naira.

In Britain, the Cossins group of companies has increased both sales and market share and margins have been helped by plant rationalisation. Overall, the figures on Tuesday may

show little change in operating

profits but investment income

should rise while tax and interest payments are likely to

fall.

Pre-tax profits at BEJAM, the frozen food retailer, are expected to show only a slight improvement to £19.5m, when the preliminary figures are announced on Wednesday.

Bejam acquired Victor

Value, the discount grocer,

for the year ended May 10 per cent to about £43m.

Paterson Zochonis, manufacturer of soap and toiletries and trader in Africa, depends on Nigeria

for the year ended May 10 per cent to about £43m.

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show little change in operating

profits but investment income

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fall.

The prospects for HARRIS SONS & CROSSFIELD, another overseas trader, reporting interim figures on Tuesday, do not look nearly so good. In spite of Harrison's attempts at diversification, it is, remains heavily dependent on its plants division, and the weakness in soft commodity prices—particularly palm oil, which fell by 40 per cent in the six months to June—will have proved painful.

The outlook for the rest of

the group is more encouraging.

The chemicals and industrial division should be showing a recovery from reorganisation

and a further charge will affect the earnings per share performance look healthy and the final dividend is expected to be paid up by around 10 per cent.

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	Price	Value	of Bid	Offer	Change
1	145	145	145	145	-1
2	145	145	145	145	-1
3	145	145	145	145	-1
4	145	145	145	145	-1
5	145	145	145	145	-1
6	145	145	145	145	-1
7	145	145	145	145	-1
8	145	145	145	145	-1
9	145	145	145	145	-1
10	145	145	145	145	-1
11	145	145	145	145	-1
12	145	145	145	145	-1
13	145	145	145	145	-1
14	145	145	145	145	-1
15	145	145	145	145	-1
16	145	145	145	145	-1
17	145	145	145	145	-1
18	145	145	145	145	-1
19	145	145	145	145	-1
20	145	145	145	145	-1
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26	145	145	145	145	-1
27	145	145	145	145	-1
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111	145	145	145	145	-1
112	145	145	145	145	-1
113	145	145	145	145	-1
114	145	145	145	145	-1
115	145	145	145	145	-1
116	145	145	145	145	-1
117	145	145	145	145	-1
118	145	145	145	145	-1
119	145	145	145	145	-1
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128	145	145	145	145	-1
129	145	145	145	145	-1
130	145	145	145	145	-1
131	145	145	145	145	-1
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145	145	145	145	145	-1
146	145	145	145	145	-1
147	145	145	145	145	-1
148	145	145	145	145	-1
149	145	145	145	145	-1
150	145	145	145	145	-1
151	145	145	145	145	-1

**BASS**

Bass PLC  
Turnover in year ending  
30 September 1985: £2,410,500,000.  
Source: Annual Report 5/12/85.

**Holiday offer**

LIVING UP to its bright new image, the Prudential offers holidaymakers up to £200 "free" spending money if they take out life assurance policies before December 19. Under the scheme, arranged with Leicester-based travel agents Page & Moy, anyone buying a Prufund Protection or Multiex Plan before December and paying premiums of £20 a month or more will receive what is in effect a "holiday discount" voucher. This can then be used to provide spending money on any holidays booked before June 30, 1988.

How much that voucher is worth depends on the price of the holiday booked. It can range from £20 for a holiday costing between £180 to £225 up to £200 for one costing over £2,500. A cheque, in exchange for the voucher, is issued with the holiday tickets.

The booking must be made through Page & Moy, but the voucher is valid for the holidays provided by 32 major travel companies who are members of the Association of British Travel Agents (ABTA).

Page & Moy also features in a similar discount holiday scheme launched by Barclaycard. Anyone who books a holiday through Page & Moy and uses Barclaycard to pay the initial deposit will receive a refund of between 5 to 10 per cent of the cost up to a maximum of £200.

REFLECTING THE return to favour of the European markets with fund managers, Henderson launch on Monday a new European Income Trust.

Unusually for overseas funds of this kind the estimated initial gross annual yield is put at 4.5 per cent. This reflects the fact that the income "net" is to be widened by including in the portfolio a high percentage of fixed interest bonds—25 per cent—and convertibles—15 per cent—which are being offered increasingly by European companies. If sterling continues to decline in value the UK investor should also benefit from currency gains.

The offer price will be fixed at 50p a unit until October 31. The minimum investment is a lump sum of £500, or a £25 monthly savings plan.

BAILLIE GIFFORD, one of the more enterprising smaller unit trust groups, thinks it has found a way of achieving a high income return from an equity-based portfolio, without having to resort to the normal method of including pure fixed interest investments. Its answer is the BG Convertible and General unit trust launched today.

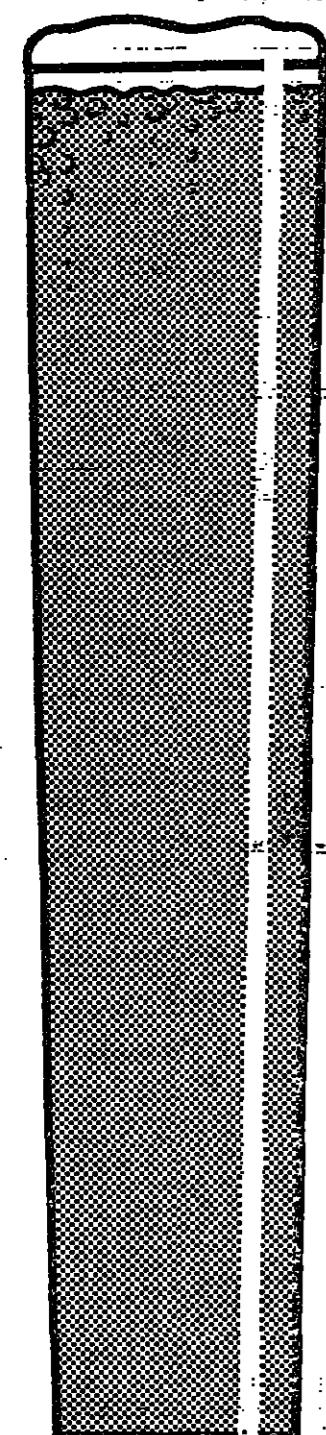
It is estimated that at least 35 per cent of the planned portfolio will go into convertible loan stocks in the hope that the fixed coupon will provide a high and secure level of income. Capital growth will be provided by the right to convert into the underlying equity, which is reflected in the price of the convertible.

Because of the much higher income settlement, Baillie Gifford claims that the price of the convertible tends to be less volatile than the movements in equity market and, therefore, represents a less risky investment. That may be true—but there is also the prospect of the investor being landed with poor value convertible stock.

However, Baillie Gifford argues that, following a large number of new convertible issues during the past year, there is now an unprecedented selection to choose from with the present prices of convertibles not fully reflecting their advantages. The issue price is 50p, but with existing funds already committed, dealing will start on Monday. Minimum investment is £500.

**WHITBREAD**

Whitbread and Company PLC  
Turnover in year ending  
1 March 1986: £1,533,000,000.  
Source: Annual Report 5/6/86.

**WHICH BREWER OFFERS THE PRIVATE INVESTOR MORE THAN THE USUAL?**

Companies, like private investors, come in all shapes and sizes. Company shares which look ideal for one portfolio may not suit another.

Recognising the shares which most closely meet your own investment criteria requires continual and expert attention—a personal service which you may not find with larger financial institutions.

Afcor Investments Limited, are dedicated to providing a long term investment service exclusively for private investors.

Afcor constantly monitor companies on all tiers of the Stock Exchange, as well as overseas markets, to identify and advise on ideal opportunities for individual clients.

Personal Asset Review, Afcor's monthly stockmarket analysis, updates clients on market trends and company news and reports on Afcor's Share of the Month.

**FREE:** Call Linkline on 0800 626 171, for your three free issues of the Review or complete the Freepost coupon.

Afcor Investments Limited, 8-16 Earl Street, London EC2A 2EB. Licensed dealer in securities. A subsidiary of Manco Corporate plc.

**FREE: Three months' expert money-making advice.**

To: Afcor Investments Limited, 8-16 Earl Street, London EC2A 2EB. Please send me the next three issues of Personal Asset Review at no cost or obligation. I would also be happy for you to phone me with urgent information regarding individual share issues.

Name (Mr/Mrs)  
Address

Day phone no \_\_\_\_\_  
Signed \_\_\_\_\_

**AFCOR**  
INVESTMENTS LIMITED

The private investors dealer

**FINANCE & THE FAMILY**

Lucy Kellaway on the Government's latest venture into privatisation

**Gas jets ahead**

**BRITISH GAS**

There's never been a publicity campaign like it. Only 2 per cent of the people will escape the deluge of facts and figures designed to whet the appetite of potential investors.



Sir Denis Roeke

ONLY THOSE who do not watch television, read newspapers, travel by tube, cook by gas or have central heating in their homes can still be unaware that British Gas is soon to be privatised.

By now all 16m gas consumers should have received a special "personalised" letter from Sir Denis Roeke, British Gas chairman, telling them about the sale, while the rest of the nation is being bombarded by an advertising campaign so comprehensive that it is expected to escape only 2 per cent of British adults.

Over the past few months the publicity machine has emitted a carefully gauged flow of information, designed to build up interest in the sale, and to whet the appetite of potential investors.

Last week British Gas shareholders were promised a choice of vouchers giving them up to £200 off their gas bills or one free share for every ten held, provided the shares are held for three years.

Such perks are replicas of those which sweetened the British Telecom flotation two years ago, and which helped to attract about 2.1m investors.

That achievement, which at the time was regarded as a triumph, now seems modest. Since then has come the TSB, which while only a third the size of the Telecom issue, drew in twice as many hopeful applicants. A few months ago the architects of the British Gas sale would have been well pleased with 5m or 6m shareholders, but must by now be hoping for a still larger audience.

Those who marketed British Telecom to the private investor boast that they could scarcely have done their job better. Telecom has set the standard, and the British Gas sale will follow, alike in nearly all respects but half as large again, with about £600 likely to be raised.

But a few important departures from the Telecom sale are being made. The first is in the scope of the publicity drive. Sir Denis Roeke's correspondence is the largest ever undertaken of its kind, while the leaflets which have been slipped into gas bills

over the last two months are claimed as a new way of selling shares.

British Gas, like the TSB, is making a special effort to sell itself to its customers. More than 16m gas consumers have been guaranteed an allocation of £250 shares, and if they want more than that number will be given preference over other applicants.

This means that for a large army of first-time private investors, the uncertainty of investing in a new issue has been swept away—they can apply for shares in the full knowledge that their demand will be met.

A further breakthrough made in the interests of drawing in even the smallest investor has been to set the minimum number of shares at just 100. These will be worth no more than £150, compared with the £250 minimum in British Telecom, but because the shares will be paid for in instalments, anyone with about £50 spare cash will be able to apply.

Even though the prospectus will not appear even in draft form until the end of this month, already the pundits are

predicting that British Gas will get the warmest of receptions. According to a recent Gallup poll one adult in ten had already decided to buy the shares seemingly indifferent to the price at which they are offered.

Making investment decisions irrespective of price might seem a foolish thing to do. But in the case of British Gas there are reasons to suppose that the price will not be set too high. A failed flotation would be a catastrophe for the Government, and make it very difficult to press ahead with its big list of future privatisations.

As British Gas customers must register by November 14 for their special perks, much of the administration work, which in most issues is not done until the applications have been submitted, will already be in place two weeks before the flotation. This means that all should run smoothly, and the organisers seem confident that there will be no ceiling put on the number of applicants or SB-style delays caused by administrative bottlenecks.

However, it will also be anxious to avoid a repeat of the Telecom experience, when the price was set so low that investors nearly doubled their money in the first week of trading.

Nevertheless, because of the scale of the flotation—the biggest ever attempted—the price will have to be fixed so as to ensure that there are enough takers. Furthermore, the whole company is being sold in one

mighty slug. Most other privatisations have proceeded in several parts, giving the Government only one chance at getting the price right.

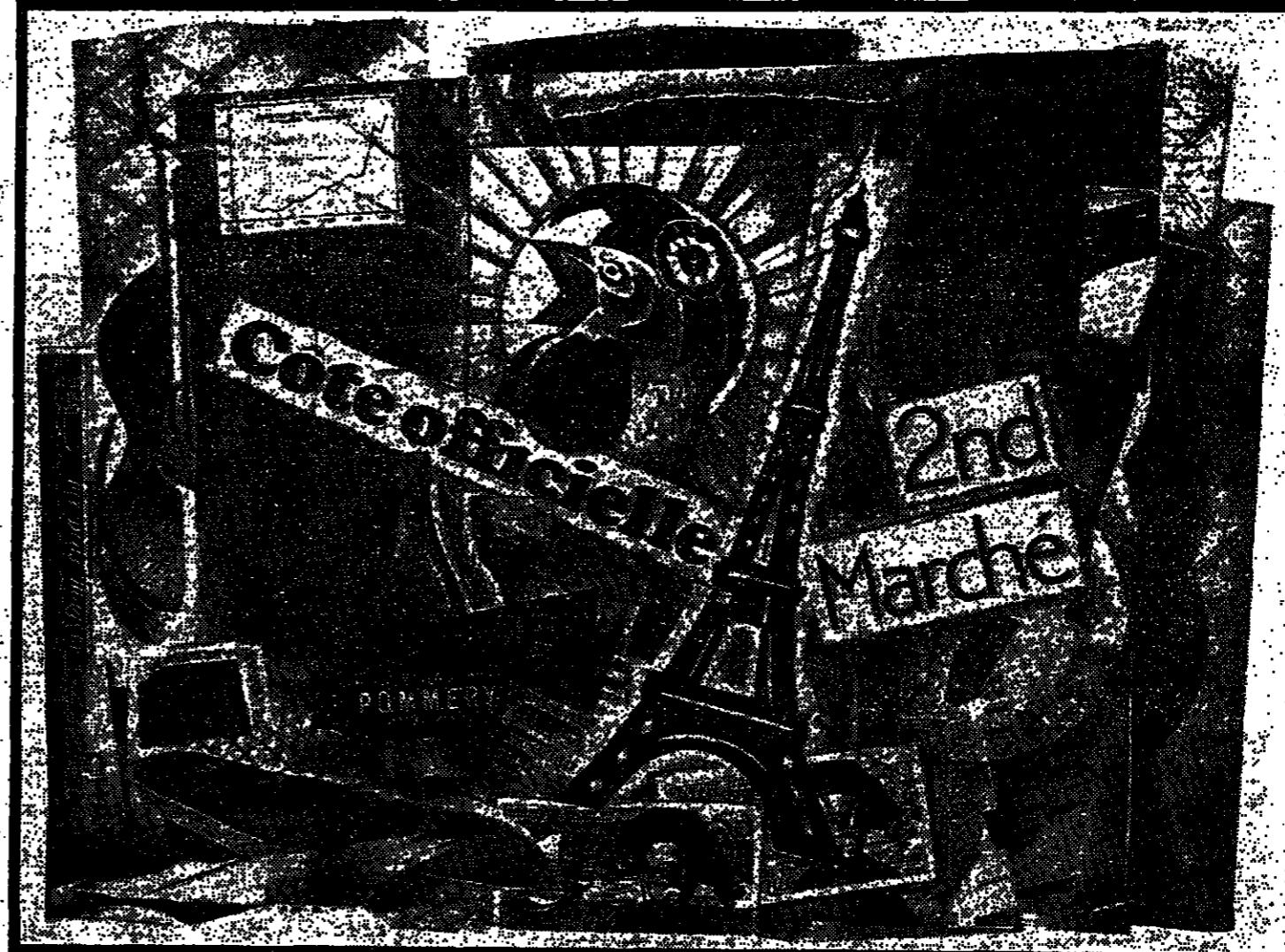
The British Gas hype, which by November may have whipped up investors into a fury of anticipation, may in itself be reason to buy the shares with a view to making a quick turn. If all gas consumers turned out to buy their guaranteed minimum allocation, two thirds of the whole issue would be eaten up, leaving non-gas consumers, institutional and foreign investors a smaller slice to fight over, thus forcing up the price.

In the pre-sale excitement the characteristics of the company itself are threatening to get buried. People seem to be forgetting that British Gas itself is a dull cold utility with little scope for growth, although with a good cash flow which should allow it to pay out handsome dividends.

The dullness and stability of the company at least makes it difficult to see what now could seriously upset the flotation. Already two potential hazards—a collapse in oil prices and a Labour Party threat to return the company to some kind of social ownership—have been shrugged off as fairly unimportant.

Because of the fall in oil prices, British Gas may come to market with profits forecast to decline rather than grow. Meanwhile the Labour Party is promising to disenfranchise shareholders, and perhaps to re-acquire British Gas shares at the issue price.

The glibness with which such considerations are being treated may signal to some that events are getting out of hand. Some of the company's advisers have gone so far as to suggest that it is actually a good thing that British Gas is being floated in a comparatively difficult year for the company as it underlines its resilience. Others muse that the general stockmarket consequences of a Labour election victory are so bleak that if British Gas investors stand to get their money returned to them, they are not doing too badly.

**INVEST IN A FRENCH MASTERPIECE****THE NEW EBC AMRO FRENCH GROWTH TRUST**

There's been a lot of good news recently about investment opportunities in France.

It's not hard to see why. The Paris Stock Exchange Index has risen by over 150% (weighted for sterling) in the last twelve months, and there are very good reasons why it should go on rising.

Economic growth is anticipated at 3% a year, but, more importantly, corporate profits are expected to grow at 3% this year and next.

And the new government under Jacques Chirac is committed to wider share ownership through a programme of privatisation similar to the one in the UK that has had such a dramatic effect upon the London stock market.

So the time is right to invest in France.

**THE BEST WAY TO INVEST**

It may seem odd that there hasn't been a French unit trust from an established investment management company before.

But now there's the EBC Amro French Growth Trust.

EBC Amro has considerable experience of the French market through its European involvements.

Even so, we did what any sensible investor would do, we talked to the French investment experts at the highly respected Banque Privée de Gestion Financière (BPGF) in Paris.

**INVESTMENT CONNOISSEURS**

Then we went one better—we appointed BPGF investment managers to the trust because they have such a remarkable record for managing investments.

For example, their own in-house fund, invested exclusively in French securities, has risen by over 260% since December 1979 (not weighted for sterling). In all, they are responsible for over £460 million in over 20 in-house funds of various kinds; they are extremely active in the bond markets, in finance for French industry

and in the privatisation programme.

We believe their in-depth expertise will enable the EBC Amro French Growth Trust to achieve above average capital growth from a portfolio of French securities.

**FIXED PRICE OFFER**

Units will be offered at a 1% discount on a fixed price of 50p per unit until 3rd November, 1986.

**HOW TO INVEST**

Complete the application form and send it, together with your cheque made payable to EBC Amro Unit Trust Management Limited, c/o Manchester Unit Trust Administration Company Limited, FREEPOST, Manchester M2 8BL (no stamp required).

If you don't have £500 immediately available, send for details of EBC Amro's Monthly Savings Plan by ticking the appropriate box in the coupon.

If you already have shares you would like to exchange for units in this Trust, please tick the appropriate box in the coupon below.

Remember that the price of units and the income from them can go down as well as up.

**GENERAL INFORMATION**

Contract notes will usually be sent by return of post. You will receive a Unit Certificate within six weeks of the receipt of your cheque.

An initial charge of 5% is included in the price of the units and an annual charge of 1.25% (+VAT)

of the value of the fund is deducted from the fund's income. Prices are quoted daily in The Financial Times.

Estimated gross current yield is 1.5% at the launch price of 50p per unit. Managers report on the trust by 1st November each year. Income will also be distributed annually by capital rate tax by 1st November. Trustee Midland Bank Trust Company Limited. (Not open to residents in the Isle of Man or Jersey). A member of the Trust Association. Remuneration is payable to qualified intermediaries and the rates are available on request.

**EBC AMRO FRENCH GROWTH TRUST**

To: EBC Amro Unit Trust Management Limited, c/o Manchester Unit Trust Administration Company Limited, FREEPOST, Manchester M2 8BL (No stamp required).

We wish to invest £\_\_\_\_\_ in units in the EBC Amro French Growth Trust at the price ruling on receipt of this application (minimum investment £500). Fixed price offer less 1% discount applies until 3rd November 1986. I am/we are over 18.

Please tick relevant box if you require the following:

Automatic reinvestment of distributions.

Further information about the EBC Amro French Growth Trust.

Details of the EBC Amro Monthly Savings Plan.

Details of the EBC Amro Share Exchange Scheme.

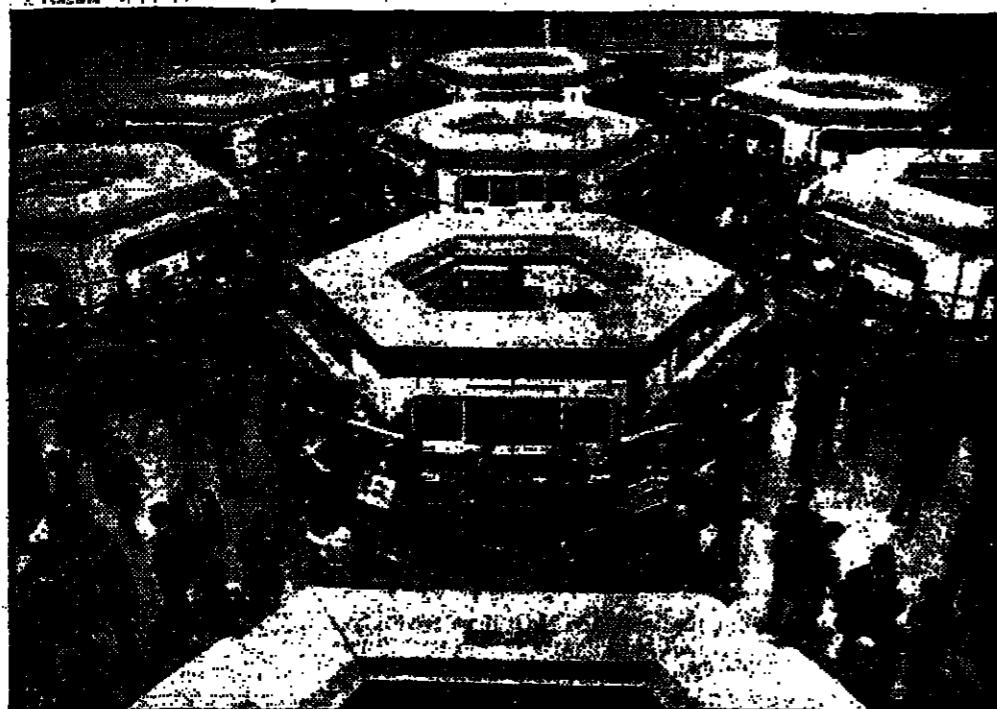
10% LAUNCH DISCOUNT  
VALID UNTIL 3RD NOVEMBER 1986

Signature \_\_\_\_\_

Print applicants must sign and initial \_\_\_\_\_ Date \_\_\_\_\_

Chichester

• FINANCE & THE FAMILY •



London Stock Exchange: "additional anomalies in the early days"

## TSB float likely to spur options boom

Dealers expect rush of new business, reports John Parry

**STOCK EXCHANGE** dealers are expecting a flood of new business in traded options as a result of the TSB flotation. When British Telecom was launched on the market almost two years ago traded option activity trebled. The same could happen next week as a result of TSB.

Because TSB shares are issued partly paid the strike prices will be the lowest on the Stock Exchange's range of 42 traded option stocks. This dramatically reduces the cost of the option, known as premium. The premium is in any case rarely more than the equivalent of 10 per cent of the stock price, although as an investment it may all be lost if the price moves the wrong way.

The strike price is the level at which the option buyer agrees to buy (if he takes a call option) or sell (if he takes a put) TSB shares.

Another factor which will also cut premium levels is the limited time for the early options. The first series of options will expire at the end of October, which will only have two weeks to run once trading starts. So the time element in the premium will be low.

Before trading started it was impossible to find jobbers or brokers willing to commit themselves to a price. The potential level of institutional demand balanced against the volume being sold by "stags" will dominate TSB prices during the coming weeks.

For the smaller investor with strong speculative instincts, and a pocket deep enough to stand sudden reversals, TSB options may generate gains substantially greater even than the 40-50 per cent promised on the shares.

For example, assume the stock is quoted at 75p. The option to buy it stock at a strike price of 80p before the end of October should be priced at around 7p-8p per share, even allowing for some initial uncertainty.

As one traded option contract is standardised for blocks of 1,000 shares the up-front cost of that option would be £70-£80. If the price of TSB were to climb to 80p next week the option premium would probably rise to 11p-14p, or £110-£140. This realises a 40-50 per cent profit.

If the price falls, or remains flat until the end of the month, then the premium is sacrificed.

Traded options are likely to appeal particularly to "stags" who wish to take a known profit on the stock but who do not want to forfeit future gains. A "stag" would sell his TSB holding early, at around 75p. This gives him a profit of 25p on the partly paid. Using 8-10p of that for a call option cuts into the initial profit but allows access to additional gains if the market rises.

But what of the investor who intends to hold the stock for a while yet but is attracted by the initial TSB price? This is where put options can be useful and profitable.

A put option to sell TSB at 80p in October (the first new options month after October) will probably be quoted around 10p. If the price falls then that 10p premium will rise, as the option to sell becomes more attractive.

The rise in the value of the put option will therefore offset the loss in value of the underlying stock.

Exactly how option premiums will move is impossible to predict. To a large extent the premium value increases as volatility increases. And without a trading record in the stock it is impossible to calculate, or even intelligently guess, TSB's price volatility.

# Hatless TSB applicants phone 0800 414161 now.



If you've put money aside for TSB shares and your number didn't come up (or you didn't get as many as you wanted) there's no reason why that money can't still work for you.

And perhaps even more profitably.

You could invest in one of Fidelity's wide range of top performing unit trusts.

For personal investment advice with no waiting, no post, and no disappointments, Callfree Fidelity now on 0800 414161, or anytime this weekend from 9.00am till 5.00pm or Monday to Friday from 9.00am to 9.00pm.



## Homes deal

A FURTHER extension of the mortgage market took place this week when leading home service insurer Pearl Assurance Company announced an agreement to market Midland Bank's home loans.

Home service insurance companies, with nationwide networks of agents calling on clients in their homes, are well placed to provide a mortgage service in the homes of policyholders — the era of Armchair Mortgage to paraphrase Pearl's rival, the Prudential.

For Midland, smallest of the clearing banks, it means a market that its branch network cannot reach — on average, only one in five of Pearl's clients will bank with the Midland.

As part of Midland's terms, housebuyers will have complete freedom of choice, including using the capital repayment method and, if using the endowment or pension mortgage route, a complete choice of life company product. They will not be tied to using the endowment or pension mortgage with a Pearl contract.

However, Pearl is relaxed about this. There is a world of difference between having a right and knowing about it. The Pearl agent, as a company representative, is under no obligation to promote the products of other life companies. In almost all cases the agent will be dealing with people who would take out Pearl policies virtually automatically, and who would be unaware of the company position in the performance tables.

Payment will be by direct debit — the agent will not in this case, collect cash or cheques. However, only one debit is needed to cover the mortgage interest payments and any insurance payments, including endowment or pension premiums.

At present the joint operation is being conducted on a

pilot basis in South Wales; the service will be available nationally from next February.

Meanwhile, "just a phone call away" is the slogan being used by another powerful newcomer to the mortgage market — the National Girobank. It is recognised that, although Girobank has more retail outlets than all the other banks put together, your local post office would find it very difficult — or impossible — to provide sophisticated mortgage advice. Instead, Girobank is offering a free telephone service — 0800 181 721 — to give what is described as "friendly, but expert guidance". Alternatively, you can simply fill in a form obtainable from Post Office branches.

The interest rate offered by Girobank is currently 11 per cent; comparable with leading building societies since it is calculated in a similar way on a yearly basis. The typical APR (annual percentage rate) is quoted as much as 11.7 per cent, but this takes into account the bank's solicitors' fee and the valuation fee. However, no arrangement fee is charged — unlike most other banks. One condition is that you have to open a current account with Girobank to handle monthly mortgage repayments and, if wanted, any additional insurance premiums on an instalment basis.

Unfortunately, in their efforts to give a simple explanation of the different types of mortgages available, Girobank have given the impression that monthly premiums paid for an endowment policy should be added to payments made for a repayment mortgage — omitting to point out that repayment loan payments are higher because they include both capital and interest.

John Edwards

## FINANCIAL PRODUCT OF THE YEAR

**Ætna's Gilt-Edged Bond** has just been voted BEST FINANCIAL PRODUCT OF THE YEAR by the Financial Weekly/Martin Paterson Award panel coming first in every category, including:

Value for money and investment performance  
Innovation and relevance to current market needs  
Quality of product and technical design

THE TIME TO BUY ÆTNA'S GILT-EDGED BOND IS NOW  
Because:

- Gilts are giving more than 8% real return over the current rate of inflation — nearly the highest ever — and 2-5% greater than every other major industrial country
- Phillips & Drew Fund Management have produced a performance of at least 31% and up to 18% higher than the 152 competing funds over the 6 months to 1st September 1986.
- There is NO FRONT-END CHARGE and NO CAPITAL GAINS TAX.
- There are HUGE COST SAVINGS over direct investment.
- There is 10% a year withdrawal facility FREE of basic rate tax.

LOCK INTO THE HIGH REAL RETURN FROM GILTS TODAY!

\*See Press Release dated 1st September 1986

Please complete and send the coupon in an envelope addressed to: Ætna Life Insurance Company Ltd, FREEPOST London EC1A 1PA. Or phone on 01-528 1524, main Call Centre — Dial 103 and ask the operator for FREEPHONE Ætna. The centre is open 9am to 5pm each weekday. Please send me my FREE GUIDE to Gilts and details of the Ætna GILT-EDGED BOND to:

Name (Mr/Mrs/Miss)  
Address  
Postcode

Name of usual Professional adviser  
(if applicable)



PS if you are self-employed or have no company pension, please tick the box.  
we can also send you details of Ætna's new Gilt-Edged Pension Bond.



## FRAMLINGTON

# FINANCIAL FUND

A New Unit Trust Investing for Growth in Financial Services Companies

**F**RAMLINGTON Financial Fund will aim for maximum capital growth through investment in the most interesting sector of the moment: financial services companies throughout the world.

Financial services are going through a period of rapid growth and change, thus creating an important investment opportunity. In this country, the securities industry is changing dramatically, and new legislation is rapidly enlarging the scope of profitable operation for banks, insurance companies and fund management companies.

More generally, international de-regulation and the decline in world-wide inflation significantly improves the prospects for financial services operations everywhere. Framlington Financial Fund will aim to make the most of these opportunities, whether in the UK, the U.S.A., Europe, or the Far East.

**THE FRAMLINGTON-APPROACH**  
Our special style is to concentrate on smaller companies, trying to identify those with really good growth prospects before the rest of the market recognises their promise, aiming for good long-term capital growth performance. The results speak for themselves.

**OUR RECORD**  
Framlington has an outstanding long-term growth record. The average annual compound rate of growth in the price of units (on an after-tax basis) of each of our capital growth funds between launch and 1st October 1986 was as follows:

Fund	Launched	Growth
Capital	Jan 69	+15.1% p.a.
International Growth	Oct 76	+25.3% p.a.
American & General	Apr 78	+19.0% p.a.
American Turnaround	Oct 79	+22.4% p.a.
Recovery	Apr 82	+24.7% p.a.
Japan & General	Feb 84	+26.1% p.a.
European	Feb 86	+45.6% p.a.

Every one of these Framlington funds has outperformed the FT All-Share Index, the Dow-Jones Industrial Average and the Standard and Poor's Composite Index.

**OUR INSIGHT**  
Framlington Group plc is itself a financial services company. This gives us invaluable insight into the sector. Apart from our unit trusts, off-shore funds

and life insurance interests, we are expanding into investment trusts, pension funds and private portfolio management through acquisitions which will bring our funds under management up from £420 million to over £1,300 million.

### TWO KINDS OF UNITS

Units are available in both income form (with distributions twice a year) or accumulation form (in which net income is reinvested). Since the aim of the fund is out-and-out capital growth, investors are recommended to choose accumulation units. The estimated gross initial yield is one per cent.

**HOW TO INVEST**  
**U**ntil 31 October units are available at the initial price of 50p each. To invest, complete the application form and send it to us with your cheque to arrive by 3pm on 31 October. Applications of £10,000 or over will receive a bonus of one per cent additional units at the expense of the managers.

From 3 November units will be available at the ruling offer price.

Investors should regard all unit trust investment as long term. They are reminded that the price of units and the income from them can go down as well as up.

**TSB SHARES**  
You may use a TSB letter of remittance as part of your remittance. Your shares will be sold free of commission at the price ruling when the remittance letter is received and the proceeds used to buy units, rounded up in your favour to the nearest whole unit. You should complete the application form leaving the amount to be invested blank and send it together with your signed TSB letter of acceptance and any cheque. Remember that the minimum investment in Framlington Financial Fund is £50.

### SAVINGS PLAN

There are facilities for investing by monthly direct debit, with the first allocation of units on 31 October. For an application form, telephone 01-628 5181 before 24 October.

### GENERAL INFORMATION

Applications will be acknowledged; certificates will be sent by the registrars, Lloyds Bank Plc, normally within 42 days.

The minimum initial investment is £500. From 3 November units may be bought and sold daily. Prices and yields will be published daily in leading newspapers. When units are sold back to the managers payment is normally made within 7 days of receipt of the renounced certificate.

Income net of basic rate tax is distributed to holders of income units on 15 June and 15 December each year. The first dividend will be on 15 June 1987.

The annual charge is 1% (+ VAT) of the value of the fund.

The capital charge, which is included in the offer price, is 5%.

Commission of 1½% per cent (+ VAT) is paid to qualified intermediaries. Commission is not paid on savings plans.

The trust is an authorised unit trust constituted by Trust Deed. It ranks as a wider range security under the Trustee Investments Act, 1961. The Trustee is Lloyds Bank Plc.

The managers are Framlington Unit Management Limited, 3 London Wall Buildings, London EC2M 5NQ. Telephone 01-628 5181. Telex 881259. Registered in England No. 895241. Member of the Unit Trust Association.

This offer is not open to residents of the Republic of Ireland.

### INITIAL OFFER

OF UNITS IN FRAMLINGTON FINANCIAL FUND

AT THE INITIAL FIXED PRICE OF 50P EACH UNTIL 31ST OCTOBER 1986

TO: FRAMLINGTON UNIT MANAGEMENT LIMITED, 3 LONDON WALL BUILDINGS, LONDON EC2M 5NQ

I/W/E WISH TO INVEST THE SUM OF £  (MINIMUM £500) IN FRAMLINGTON FINANCIAL FUND

AND ENCLOSE A CHEQUE PAYABLE TO FRAMLINGTON UNIT MANAGEMENT LIMITED. I AM/W/E ARE OVER 18.

FOR ACCUMULATION UNITS IN WHICH NET INCOME IS REINVESTED, PLEASE TICK HERE

SURNAME (MR/MRS/MISS)

FULL FORENAME(S)

ADDRESS

SIGNATURE(S)

(Joint applicants should all sign and if necessary enclose details separately)

FT11/10

FRAMLINGTON FINANCIAL FUND



## THE FT READERS GREAT INVESTMENT RACE

I wish to enter the FT Readers Great Investment Race and enclose entry fee of £10 (cheque or postal order made payable to Charity Projects).

Name \_\_\_\_\_  
Address \_\_\_\_\_

\*Enter number of Stocks chosen totalling £35,000 in units of £7,000

Entry number (do not use)	1st choice	2nd choice	3rd choice	4th choice	5th choice	Estimate of FT SE 100 Index on 23/9/86

\* How to enter—You have £35,000 to invest in up to five different stocks from the FT-SE 100 Index in blocks of £7,000. Select the stock or stocks you think will rise in price most during the next year. Subtract the sum of the amount you want to invest in each stock. Then put the appropriate number from the shares listed in the accompanying table into the five separate boxes, representing fractions of £7,000 each. For example if you wanted to put the sum invested in Allied-Lyons you would put the number 50 in all five boxes. But if you wanted to put £14,000 in Allied Lyons and £11,000 in Wills Faber you would put the numbers two, two, 11, 11 and 69 in the five boxes.

FT-SE 100 Companies with prices as quoted in September 24 issue of The Financial Times

1 ASDA-MFI C150	51 Land Securities C140
2 Allied-lyons C157	52 Legal & General C145
3 Argent C157	53 Lloyds TSB C145
4 Associated British Foods C123	54 Midland Bank C150
5 BAT Inds. C440	55 Lucas Inds. C55
6 BET C180	56 MEPC C171
7 British Aerospace C150	57 Marks & Spencer C101
8 British American C140	58 MCI C120
9 BPB Inds. C163	59 NatWest Bank C177
10 BT C100	60 Northern Foods C210
11 British Gas C80	61 P & G C120
12 British Oil C25	62 Peugeot C150
13 British Steel C105	63 Phillips Bros. C153
14 British Circle Inds. C163	64 Plessey C174
15 British Computer Systems C123	65 Prudential C180
16 British Aerospace C150	66 PRC C122
17 British Petroleum C170	67 Rank Organisation C172
18 British Telecom C186	68 Rank Organisation C173
19 BRP.C.C. C275	69 RHM C260
20 British Telecommunications C186	70 Reckitt & Colman C122
21 British Oil C25	71 Rediff C139
22 Burmah Oil C162	72 Reed Inst. C223
23 Cadbury Schweppes C103	73 Readers C100
24 Cadbury-Schweppes C177	74 RTZ C164
25 Castrol C160	75 Royal Bank of Scotland C100
26 Coats Vinylla C160	76 Royal Bank of Scotland C101
27 Commercial Union C260	77 Royal Insurance C222
28 Coopers & Lybrand C177	78 Sestini & Sancisi C153
29 Coors C177	79 Selsbury C1142
30 Danone C160	80 Scottish & Newcastle Breweries C160
31 Dax Corp. C250	81 Sears C140
32 De Beers Group C162	82 Sedgwick C143
33 English Cider Cigars C150	83 Smiths Corp. C110
34 Flors C173	84 Smiths & Nephew C110
35 GKN C267	85 Smiths Inds. C256
36 General Accident C127	86 Standard Chartered C120
37 Glaxo C160	87 STC C145
38 Glaxo C160	88 Sun Alliance C123
39 Globe Ind. Trust C163	89 Sun Alliance C150
40 Grundfos C160	90 Turner C160
41 Great Metropolitan C100	91 Tenco C105
42 Great Universal Stores W. C110	92 Thorn EMI C170
43 Gurdian Royal Exchange C120	93 Trojan Home C210
44 Gullane C150	94 Trusthouse Forte C150
45 Hambros C160	95 Unilever C173
46 Harcourt Trust C190	96 Virgin C230
47 Hawker Siddeley C163	97 Wellcome C110
48 ICI C111	98 Whitbread C160
49 Jaguar C150	99 Wills Faber C150
50 Lakshmi C160	100 Woolworth C160

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## Some you win . . .

### Alice Rawsthorn chases after the Great Investment Race

IN ITS first two weeks, the Great Investment Race has already seen its fair share of ups and downs. Prudential Portfolio Managers have surged into an early lead closely followed by the Japanese house, Nomura, while Hoare Govett has lost money after blundering over the Banzai rights issue.

In the Great Investment Race, six teams of fund managers are competing to see which can raise the most money for charity by managing an investment portfolio worth £25,000 for a year.

The race began two weeks ago at a time when stock markets in most of the major financial centres were highly volatile. The London market, where most of the teams are concentrating investment, was vacillating because of concern over sterling and interest rates.

The teams are playing with real money but, because the race is a charitable venture, many of them have chosen the riskiest route possible.

By contrast, Bell Lawrie, the Edinburgh stockbroker, has stuck to its intention of adopting a cautious approach to the race by building up a fairly stable portfolio of investments for medium-term growth.

As the basis of its portfolio Bell Lawrie has chosen gilts and the Pacific Assets Trust, an investment trust specialising in the Asia Pacific Basin (excluding the Japanese stock market).

More speculatively, Bell Lawrie has bought shares in Boots, with high hopes of a takeover bid, and it applied for shares in the Trustee Savings Bank.

Will it sell the TSB shares? "It depends on the price," says Derek McIntosh, managing director. "But, whatever happens, I doubt we will hold on to them for very long."

The reader with the winning entry is choosing the highest value portfolio based on the FT-SE 100 prices quoted in the FT on September 23, 1986—the day the Great Investment Race began. The eligible companies, together with the relevant prices, are shown in the table accompanying the entry form.

The reader with the winning entry is choosing the highest value portfolio based on the FT-SE 100 prices quoted in the FT on September 23, 1987—the day the race ends.

Readers should complete the entry form above and send it— together with a cheque or postal order for £10 made out to Charity Projects—to the Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Mark all envelopes Great Investment Race.

Fidelity, the unit trust group, has opted for a more speculative approach. It has already made a modest profit by dabbling in the Japanese markets.

"We intend to be entirely opportunistic," says Anthony Bolton, investment director.

"And Japan is the best place

for short term gains at the moment."

Hoare Govett has had an unhappy start to the race. "We began with a slight disaster—in fact, it turned into a large disaster," says Peter Clark, assistant director of financial services. "We invested £9,000 in the Banzai rights issue. All the indications suggested we would make a tidy profit but out came a lousy set of trade figures the next day and down went Banzai's share price. We lost £2,775 on that."

To compensate, Hoare Govett has moved into Premier Consolidated Oil, which it plans to hold for a while, and into the Australian gold company, Arincor, and Boots, through traded options. "With any luck, a bid for Boots will materialise," says Clark. "So we could."

The Prudential team is cashed in our shares as quickly as we could."

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### FINANCE & THE FAMILY

## Salaried students get tax help

FOR THE growing number of employees who take a break from their jobs and return to full-time study, it almost inevitably means a drop in living standards even if a proportion of salary continues to be paid.

But financial assistance may be available from an unexpected source.

The Inland Revenue has announced that in certain (very specific) circumstances, payments made by employers to employees during periods of attendance on full-time educational courses will be treated as exempt from income tax. However, the relief is subject to stringent conditions which will exclude many employees who might otherwise have hoped to benefit.

The Revenue concession is one of a number—all for the benefit of employees—published last month. In each case the Revenue believes that, strictly speaking, tax is payable, but it has decided not to enforce the limit the exemption is for.

The fact that an employee student earning more than £30,000 per annum is taxed on the full salary rather than on the excess over £30,000 creates a particularly nasty trap for the unwary. A student on a £30,000 salary who gets a £100 rise will be landed with an £800 tax bill—the employer's generosity will actually cost

student employees will be college fees. The employer may be prepared to pick up the tab, or the employee may be left to cope out of individual resources. In either case the tax man is prepared to give a helping hand.

If the employee pays, the Revenue will allow her or him to deduct the fees from taxable income, even though such a deduction is not strictly permitted.

For the purpose of this particular concession the course of study need not last for longer than four weeks, and the tax deduction can extend not just to fees but also to travelling and accommodation expenses.

However, an additional condition is that attendance on the course must be likely to enhance the employee's ability to do the job. But this does not mean a requirement that the course must lead to a formal qualification.

More fortunate employees, whose fees and other expenses are met by their employer, in theory could be treated as receiving a taxable benefit, but the Revenue confirms that it will turn a blind eye to this.

David Cohen

### Covenants make sense

They're the best way for families to help with school fees, says Eric Short.

child has completed full time education or when the child reaches age 18.

The deed of covenant approach is available between any person and the child, except the parents. Covenants for parents assisting their children through university apply when the child is at least 18. The Inland Revenue will clamp down hard on anyone trying to operate related deals, such as two brothers by collusion making covenants to each other's children.

In many cases, the grandparent will be using capital to fund the covenant, rather than meeting the payments out of income. But as long as the grandparent's income tax payments exceed the tax reclaimed on the covenant, there is no problem.

So a covenanted payment of £2,335 a year with reclaimed tax relief of £935, assuming the child has no other income, becomes an overall payment of £3,288.

Deeds of covenant must be for more than six years, but they can be stopped when the

payments. It takes about six months for the reclaimed tax to be paid and parents have to go through the exercise every tax year.

But most school fee specialists will provide all possible help from drawing up the deed of covenant to assistance in reclaiming the tax.

If grandparents have capital available, but very little income, then they can make use of the capital schemes described in a previous article. One school fee specialist has its own scheme for channelling capital payments for school fees through the covenant route.

Under the Deposited Covenant from the Maidenhead-based School Fees Insurance Agency the grandparent makes an interest free loan to the child over seven years—the minimum period.

The repayment of the loan by the child occurs simultaneously with the grandparent covenanting the same amount back to the child so no money transactions takes place. However, the parent can reclaim the tax.

This scheme looks artificial in its construction. Similar schemes in other areas aimed at tax avoidance have been hit hard by the Inland Revenue in recent years. But SFIA claims that the Revenue is quite relaxed over its scheme.

Advice to the unwary abroad in the City, or

### HOW A YOUNG UPWARDLY MOBILE BEE FELL FOUL OF A DASTARDLY VEGETABLE PLOT.

**I**t had been the very essence of an English summer's day. Buckets of rain, a skittering of sleet, massed ranks of cloud. But now the rain had stopped. A segment of sun peeped through. The lawn sparkled like a jeweller's window.

A swarm of pinstriped bees was sweeping across the garden. They had turned the hive into a profitable business. "Money from honey" was their slogan. But one wily worker bee knew better than the rest.

Perched on a branch high above the flower beds, he mocked their giant hollyhocks, scorned their cornflowers, chuckled at their honeysuckle. For, lurking by the cold frame at the head of the garden were the biggest flowers he'd ever seen. Great white globes, eight or nine inches across. Like an actor in a bee movie, he tugged up his collar and glanced around shiftily. Good: the coast was clear.



On whirling wings, he divebombed the first enormous flower head. He sniffed the air: there was no bouquet. He rummaged for the nectar, delved deep for the pollen. But the cauliflower, in spite of its name, had none.

The City, too, has its quota of people with harebrained schemes for extracting uranium from Arctic sleeter or honey from cauliflowers. Naturally, they all come with promises of positively giganian returns. But our shrewd investor will always opt for a scheme that is much more soundly based. With their wealth of experience and the resources of Mercury Warburg Investment Management, Mercury can supply you with all the help and advice you need.

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## Good manors guide

THE IDEA to market lordships of the manor may look quaint and amusing but is actually competitive and lucrative with many people willing to pay between £25,000 and £35,000 to be a lord of the manor.

Robert Smith, who runs Manorial Research Ltd and estate agents Strutt and Parker are in the business where turnover in the past three years has topped £2m.

Lordships of the manor, created in medieval times, cannot be lost or destroyed because they are built into the legal system. Consequently many people have inherited them unwittingly and are unaware of holding a saleable asset. Some lordships are purchased by Americans, of course, but others by Continentals and Japanese who find the nostalgia a powerful draw.

The biggest single number of titles is held by the Church Commissioners who have thousands but who have apparently not yet realised the commercial possibilities. Next largest holder is the Queen as the Duke of Lancaster. The Duchy of Cornwall, Prince Charles' estate, holds quite a few hundred and is a seller. The Duke of Northumberland has between 200 and 300.

Smith, who started his lucrative business in 1981, has marketed 500 or 600 manorships and his company owns 30. He has brought hi-tech into the nostalgia business: his computer stores vast amounts of informa-

tion including all known extant manorial documents. Other sources are the Victoria County History, the Inland Revenue, the Ministry of Agriculture, old wills, and surveys of estates.

From all this material, Manorial Research Ltd pulls out the plums to sell. Sometimes peers or solicitors ask for information, which is provided—for a fee.

The Domesday Book recorded a total of 13,418 manors and all of them still exist. About 25 per cent of them are "active," which means that the owners are aware of what they own. Theoretically it is possible to re-activate almost all the remaining 75 per cent.

We were taught at school that the Black Death killed off not only millions of people but also the feudal system, but lordships of the manor survived because they were built into the law of land tenure, in the system called copyhold.

Copyhold was abolished as archaic in 1922 but lordships of the manor were not. Thought to have little monetary value, they tended to be forgotten, but because you cannot abolish a lordship if your descendants will, to holders' heirs, hidden in "residuary estates."

Tracking down forgotten lordships is a pricey business: the research can cost up to £5,000 a time and Manorial Research Ltd employs four researchers.

The market has turned upside down on the rules of economics. Here, supply has created

demand. Eighteen months ago it was feared the supply would swamp demand but that has not happened and Smith admits to attempting to regulate the market.

Most lordships of the manor are merely titles, for fun only, but some are valuable assets, the right to hold markets, for example.

The lordship of Orpington, for example, carries with it the exclusive right to hold a market there. British Coal owns Walnut Tree Centre, a large shopping complex in Orpington which incorporates an open piazza. It is a prime site for a market or perhaps 100 stalls. At rents of £20 to £30 a stall, even only once a week, it would be a good business. But only the owner of a lordship, is legally entitled to hold such a market. Robert Smith is going into partnership with the Earl of Carlisle, lord of the manor of Morpeth in Northumberland, to run a market there. Rights to hold markets, he says, are granted by the Crown, can never be suppressed except by Act of Parliament.

Lordships without documents currently cost around £20,000 or £7,000, but with documents, £20,000 or even more. The lordship of Garforth, York, was sold for £22,000, but it came with some lovely documents including a grant with seals of Charles I.

The biggest sum yet paid is thought to be the £35,000 for the lordship of East Ham, London,

which includes the right to hold

a market.

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# China & Eastern Investment Company Limited



## Preliminary Announcement of Final Results to 31st July, 1986

The company was incorporated on 12th July, 1985 and commenced trading following the public offer for sale on the London Stock Exchange in November, 1985. Total proceeds amounted to US \$17,000,000 (US \$16,070,978 after expenses). Thus the figures below, an extract from the final results of the company, are for nine trading months only.

	As at 31st July, 1986	
Total net assets	US \$ 20,851,493	£* 13,966,171
Gross revenue	1,094,697	733,220
Taxation and administration expenses	283,865	190,131
Earnings attributable to shareholders	810,832	543,089
Proposed dividend	374,000	250,502
Retained profit	436,832	292,587
Earnings per share	4.8 cents	3.2p
Dividend per share	2.2 cents	1.5p
Net asset value per share	\$1.23	£0.82

\*The company accounts in US dollars and the figures in Sterling are, for convenience only, converted at the rate prevailing on 31st July, 1986 of £1.00 = US \$1.493.

The unaudited net asset value per share as at 30th September, 1986 was US \$1.44 (£0.99), or US \$1.37 (50.95) allowing for the full exercise of warrants.

The Annual Report and Accounts will be posted to shareholders at the end of October 1986. The Annual General Meeting will be held at 12.00 noon on Tuesday, 9th December, 1986 at 9 Bishopsgate, London EC2N 3AQ. The final dividend is expected to be paid on Thursday, 11th December, 1986 to shareholders registered on 25th November, 1986.

### Highlights from The Chairman's Review

We have already made several direct investments in companies operating in China. Among the ventures we are backing are a goose farm for the production of goose liver pâté for the export markets and a high quality documentary film. We have also invested in a venture capital company, which will give us a further indirect exposure to China's economy.

"We have adopted a prudent approach in direct investments, seeking out only the best opportunities. We now have a significant portfolio of potential investments and are in active negotiations with a large number of direct ventures in China. I expect our direct investment programme will accelerate in the current year.

"While seeking out direct investments, we have invested

in quoted companies, mainly in Hong Kong and Japan, which have significant business with China.

"Market conditions remain buoyant and I am confident that further opportunities will arise in the two principal external markets - Hong Kong and Japan - to invest in listed China-related companies.

"The Chinese economy is now showing every sign of an upturn, while the pace of reform, both political and economic, is encouraging. Our confidence is further enhanced by prospects for currency reform within China and further easing of restrictions on foreign investment. The tentative establishment of a small Stock and Money Exchange in Shanghai and proposals for others bode well for investment in China."

John D. Bolsover, Chairman

To: Baring International Investment Management Limited - 9 Bishopsgate, London EC2N 3AQ, England.  
Please send me a copy of the 1986 Annual Report of China & Eastern Investment Company Limited.

Name \_\_\_\_\_

Address \_\_\_\_\_

# A place in the home team

Eric Short on a new insurance agency set up by estate agents

INDEPENDENT estate agents, worried by the problems they will face when the Financial Services Bill becomes law next year, have set up a central organisation — called Team Agencies — to handle their insurance advice services.

At present the small estate agent is able to provide insurance advice and services for both the house and the endowment or pension mortgage. Normally four or five companies are used from which to recommend products and, if there are any complications, then the friendly local insurance company inspector is called in.

But under the proposed financial services legislation, the situation will change. The agent's mainstream business will not be affected. He will still be able to arrange the buying and selling of property, the mortgage finance and even discuss the method of paying off a mortgage, since bricks and mortar are not deemed to be investments.

The estate agent can even arrange the house insurance without being affected by the legislation. But once he gets on to endowment or pension mortgages then he is caught by the Act because these products are deemed to be investments.

Under the financial services

proposals he would no longer

be able to operate in his previous manner using a few insurance companies. Either he has to become the representative of just one life company, though he will be able to use as many companies as he likes for house insurance. Or he has to be a fully fledged independent intermediary, committed to the "best advice" principle of recommending products selected from every life company.

Many independent estate agents want to remain just that in every aspect of their service to clients. They have done so in respect of their mainstream business of buying and selling houses by forming consortia of other estate agents in their locality under the umbrella of the Team Association. These provide joint marketing, advertising and multi-listing of properties.

Now they plan to remain independent over the insurance services by setting up a similar central organisation. Team Agencies launched this week as a public limited company.

Team Agencies will be staffed by the necessary expert personnel to provide that all market coverage in life and pension and so qualify for authorisation as an independent investment firm under the financial services legislation.

The estate agent will act as an introducer of business to Team Agencies and share the commission.

Thus clients buying a house

and wishing or being recommended an endowment mortgage will be provided with quotations from several leading life companies from which to make their choice. These quotations will be provided on the spot by means of the computer networks already in place for the operation of the Team Association consortia activities.

So householders using an estate agent which is a member of a consortium in the Team Association, and this is displayed on the branch signboard, knows he has the following benefits:

If his property is not sold within 24 hours by that particular estate agent then it will be

put on the books of all other estate agents on the consortium, making the sale available in a wider range of potential buyers, just as if the seller had placed the property directly with each of the agents.

Costs of advertising and marketing are not duplicated, thus keeping down the fees charged by agents.

Housebuyers have even more advantages through this arrangement.

They have information on properties available from a number of estate agents being provided by a computer based network.

They have access to property details in other parts of the UK service by a consortium under the team association umbrella.

Now they have access to independent financial services advice. Team Agencies will provide an insurance broking service for house insurance requirements, as well as for financial services.

Over three quarters of the money for the new company is being provided by four insurance companies — Commercial Union, Legal and General, Norwich Union and Scottish Life. But they will have only 25 per cent of the voting power — the majority being held by the estate agents themselves. And if Team Agencies used just the products of these four companies, it would never get authorisation.

hearts, on which East deals the four of diamonds. Dummy's king wins, and South considers the position.

There are 11 tricks on top, and the declarer has no better play than to try for an even break in one of the black suits. He cashes three spades — East turns up with four. He then cashes three clubs — again the same result.

No squeeze is possible, because both menaces are held by East, and he discards after dummy. But there is a ray of hope. West is known to hold six hearts and doubleton in each black suit. He has, therefore, three diamonds, and these three cards can be eliminated from his hand. West can be subjected to a throw-in.

South makes king, queen, and ace of diamonds, throwing the eight of spades from dummy, and leads his two of hearts. West must win with his ten, on which dummy's nine is carefully unblocked, and now West must lead from his knave, seven of hearts into South's ace, eight. Most satisfying.

E. P. C. Cotter

king, and leads the knave. Now East may think that South began with ace, four of clubs alone, and is trying for a ruffing finesse. If East fails to ruff, the queen wins. South crosses to the ace of spades and leads a winning club, on which he discards a losing heart. East can ruff, but the ruff comes too late.

Now for an endplay in a no trump slam:

N	K Q 8 2
♦ 6 3	♦ 9 4 3
♦ A K	♦ A K 5 2
W	♦ J 10 9 7
♦ Q J 10 7 6 5	♦ 9 8 7 6 4
♦ 10 5 2	♦ 9 8 7 6 4
♦ 9 8	♦ J 10 7 3

S	A 5 4
♦ K 8	♦ A K 8 2
♦ J 3	♦ A Q 3
♦ Q J 10 7 5 2	♦ Q 6 4
♦ A Q 4	

South deals at game to North. South bids one heart, North replies with one spade, and South jumps to three no trumps. North, looking at 16 points, raises happily to six no trumps. West leads the queen of

hearts, on which East deals the four of diamonds. Dummy's king wins, and South considers the position.

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# Time is your most precious resource. Factmaster will help you make the most of it.

Do you...

- spend too much time in unproductive meetings?
- try to carry too much information in your head?
- always seem to be surrounded by notes and unrelated scraps of paper?
- find it difficult to delegate tasks which you feel you can complete better and faster yourself?
- find yourself constantly dealing with minor queries from others?
- feel "lost" without your secretary?
- put off potentially difficult tasks because the information you need is not at your fingertips?
- find it difficult to plan holidays well in advance?
- feel that overseas trips are less productive than they should be?
- not enjoy your job to the fullest?

These are all symptoms of inadequate personal organisation and task management, resulting in inefficiency, poor performance and lessened job satisfaction.

If only half of them apply to your workstyle — you need Factmaster.

### What is Factmaster?

Factmaster has two primary units:

- A portable loose-leaf information system and a desktop Databox, enabling you, wherever you are, quickly to record and retrieve vital data.
- A task management programme to bring your key areas of responsibility into focus.

You will receive Factmaster's comprehensive documentation enabling you to progress all your operational activities, for example:

Diary (diary pages, calendars, forward planners), Task Management (work load charts, priority indexes, task overviews, action plans, timetables).

Personal Investments (securities, insurance policies, capital gains).

### An investment for life

Factmaster's contents come complete, and will last for a whole year. You decide when you wish to start by selecting your own commencing date for the page-a-day diary section. After twelve months you simply purchase a new Databox containing all the refill sheets you need for one year.

As you would

expect from the FT, not only is Factmaster an invaluable business aid, it

is stylish and elegant in its own right.

Available in two versions, only the finest materials have been used throughout. If you demand the best you will choose the sumptuous black leather binder, with real gold-plated rings. With two full size pockets on the front cover for currency or notes, this binder also has a further pocket on the back cover with two useful multi-credit card inserts.

Our alternative binder is durable, travel proof and no less attractive. It is also black, has the look and feel of high quality soft leather, silver nickel rings and two pockets.

And, the Databox is an impressive asset to your desk.

### Personalised with your initials

For a modest additional cost your Factmaster can be inscribed with initials in rich gold blocking.



### ORDER FORM

Customer Service Dept., FT Business Information Ltd, Minster House, Arthur Street, London EC4R 9AX. Tel 01-623 1211. Telex 8814734 BLISPLUG

Please send me the following Factmasters (indicate quantity in boxes):

Black Calf Leather (£143.75)  Black Simulated Leather (£86.25)  Initials to be blocked

Goldblocking initials (£1.72) maximum of 4.

Methods of Payment

My cheque for £  is enclosed made payable to FT Business Information Ltd

Please debit my

We will automatically send you a VAT receipt (all prices include VAT, postage and packing).

Card Number

Expiry Date

Signature

Special prices available for orders of three or more. Please ask for details.

Name

Position

Company

Address

Postcode

Telephone

(Delivery within 28 days)

Diary Start Date

I wish my 12 month diary section to start on the 1st day of

(please indicate month and year)

The Financial Times CLARITY LINE Every customer of the Factmaster system has been designed and produced to the highest standards. However, if upon inspection you feel our product does not match to your expectations or requirements, a refund (including return postage and packing) provided it is returned unused within 14 days of receipt. We regret this can not apply to gold blocked articles.

If your billing address differs from your delivery address please notify us. Please ask for details.

Name

Position

Company



# Which investment offers the potential of a top performing unit trust and guarantees that your original investment is secure?

More and more people are becoming aware of the opportunities of investing in the exciting world of stocks and shares, but some are concerned that their savings may be at risk.

To provide protection for investors Gartmore has designed Safeguard—one of the first Guaranteed Equity Plans of its kind allowing investment in the stock markets of the world, safe in the knowledge that the original investment is secure.

**How the Plan Works**  
By combining in one investment the growth potential of a unit trust and a guaranteed investment with a life assurance company, Safeguard allows you to capitalise, over 5 years, on the growth opportunities of investing in stocks and shares without risking your original investment.

**The Guaranteed Element**  
The greater part (63%) of your money is invested by General Portfolio to provide a guaranteed return after five years. This ensures that your original investment will be returned to you intact in five years time.

\*Not recommended, offer to old Source: Money Management

## SAFEGUARD



### The Guaranteed Equity Plan

#### The Growth Element

The balance (32%) of your money will be used to purchase units in a fund—the Safeguard Fund—established by the life assurance company for this Plan and invested exclusively in units in the Gartmore Global Fund. This top performing unit trust was launched in 1973, and is now valued at over £42 million. It is well placed to take advantage of investment opportunities around the world.

Gartmore Global Fund currently incurs an annual management charge of 1% p.a. (plus VAT) of the value of the fund, plus an initial charge of 5% on the value of the assets, equivalent to 5% on the issue of units at the offer price. The Safeguard Unit prices calculated by General Portfolio will include these charges.

You will receive dividends within the plan together with reinvested income. An allowance is made for Capital Gains Tax at the rates currently applicable to life assurance companies. This will be reflected in the unit price calculated by General Portfolio.

General Portfolio makes no additional management charges.

**Personal Taxation.** No personal liability to tax arises during the five year term. For the second rate taxpayer there is no need to make any provision for capital gains tax on the growth element of your investment if you are subject to higher rate tax or are eligible for income tax age allowances or additional liability may arise, but only when the proceeds are taken.

An explanatory note is available on request, if necessary, you should consult your professional adviser.

The Policyholders Protection Act 1975 was introduced by the Government to protect investors against the failure of an insurer. In the event of such a failure a

**Your Reward**  
The units allocated to the growth element provide your profit and remember, your original investment is secure. (The price of the Safeguard units will be published daily in the Financial Times.)

An investment linked to unit trusts can be more rewarding than leaving your money on deposit with a bank or building society. £1,000 invested in Gartmore Global Fund on 1 September 1981 would now be worth £2,924 (an average growth rate of approximately 24% p.a.) whereas the same investment in a building society account could be worth £1,522. Past performance does not guarantee future performance, but investors can be confident in Gartmore's international expertise.

**How do I apply?**  
Simply complete the attached Application Form and return it with your cheque to your professional adviser or to:

**SAFEGUARD,**  
General Portfolio Life Insurance PLC,  
Valley House, Crossbrook Street,  
Cheshunt, Herts EN8 8JH.  
Telephone enquiries: 0800-289321.

For further information, write to:

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The Policyholders Protection Act 1975 was introduced by the Government to protect investors against the failure of an insurer. In the event of such a failure a

levy on premiums may be made on all insures. Consequently General Portfolio reserves the right to deduct such amounts or other benefits as may be necessary in order to meet any levy imposed under this Act or any other legislation designed to protect investors.

The advertisement is based on Gartmore and General Portfolio's understanding of present law and Inland Revenue practice. No part of this advertisement constitutes an offer. The rights of an investor shall be governed strictly by the terms of the policy issued by General Portfolio. A copy of the standard policy is available on request from General Portfolio.

Remember that the price of units and the income from them may go down as well as up.

A copy of your completed proposal form is available on request.

Gartmore Global Fund is a Unit Trust authorised by the Department of Trade and Industry. Gartmore Fund Managers Limited is a Member of the Unit Trust Association. Registered in England No. 115753.

General Portfolio Life Insurance PLC is authorised by the Department of Trade and Industry Registered in England No. 992155.

To: SAFEGUARD General Portfolio Life Insurance PLC, Valley House, Crossbrook Street, Cheshunt, Herts EN8 8JH

I wish to invest £\_\_\_\_\_  
(minimum £1,000, no maximum)  
and enclose my cheque for this amount payable to General Portfolio Life Insurance PLC.

Full Name: Mr/Mrs/Miss \_\_\_\_\_  
Address: \_\_\_\_\_

Date of Birth: \_\_\_\_\_  
I am resident in the United Kingdom, am over 18 years of age and I understand that the proposal shall form the basis of the contract between myself and General Portfolio Life Insurance PLC.

Signature of Proposer: \_\_\_\_\_  
Date: \_\_\_\_\_  
In the event that the cheque received by General Portfolio is not drawn on my account, I agree that the drawer of the cheque will be deemed to be my agent. E110 68

# Unhelpful Revenue



I have two grandchildren who live in Sweden, the offspring of my daughter and her Swedish husband. Both children have dual Swedish and British nationality, though my daughter remains British only.

In 1985 I covenanted a small sum to the children through the medium of a savings plan and duly received from them a certificate confirming the payment to allow a claim to be made on the Inland Revenue for repayment of tax. The IR had previously approved the covenant, of which my daughter is the trustee. I should add that my daughter has lived in Sweden for some 12 years, making only infrequent visits back to the UK.

However, I have so far been quite unable to find out where my daughter should address her claim on behalf of the children for the refund of the tax I have paid. My tax office is in another part of the country, and a call at the nearest tax office resulted in my being told that my daughter should make her claim to the Swedish tax authority. This seems to me manifestly ridiculous—why should a Swedish Government refund tax which the UK Government has collected? A letter to my own tax office brought forth a singularly unhelpful reply: to the effect that they could only deal with your policy covers that form of theft, or whether it means, in the context, only stealing. It would be wise to consider repudiating this contention on the grounds that all the elements of an appropriation as defined by the Theft Act are present and therefore the car was stolen.

Can you give a view as to whether there is a reasonable chance to recover a quite considerable sum of money?

While the car was obtained by deception within the terms of Section 15 of the Theft Act 1968, it remains unclear whether your policy covers that form of theft, or whether it means, in the context, only stealing. It would be wise to consider repudiating this contention on the grounds that all the elements of an appropriation as defined by the Theft Act are present and therefore the car was stolen.

It is a pity that none of the tax officers took the trouble to get a copy of booklet IR20 out of their cupboard for you. Go back to them and ask for a copy of IR20 (1983)—Residents and Non-Residents: Liability to Tax in the UK. You will see from that free booklet that the children's claims will be dealt with by the Inland Revenue Claims Branch, Foreign Division, St John's House, Merton Rd, Bootle, Merseyside, L69 9BL.

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The changes you have in mind were in fact announced at the end of February of last year and were embodied in last year's Finance Act (although some mistakes in last year's legislation have been corrected in this year's Finance Act). The accrued-income scheme is far too complex to explain in a brief answer: it is unfortunate that you missed the FT articles on the subject.

The answer to your final question is that (since February of this year) the prices of all gilt-edged stock are quoted in the way which used to be restricted to those within the last five years of their life: the amount payable by the purchaser is the bargain price plus an amount equal to the gross interest accrued from the day after the last interest payment date to

the settlement date for which the bargain was done or, in the case of transactions done ex interest, minus an amount equal to the gross interest accruing from the settlement date for which the bargain was done to the interest payment date."

restrictions on overseas investment to be introduced, what would be the effect on my international unit trust?

I can understand how there would be no problem should I wish to sell international unit trusts, but how do the fund managers stand if investors wish to purchase additional units and they in turn wish to purchase more overseas shares? In my present ignorance I feel I ought to sell all my international units as soon as the election date is announced.

If you study the Shadow Chancellor's comments, you may well feel less panic stricken when Her Majesty dissolves Parliament, on the Prime Minister's advice. Of course it must be borne in mind that it is possible that the Shadow Chancellor might not be selected as Chancellor by an incoming Labour PM.

## Repaying a mortgage

Can you advise me about the benefits or otherwise of paying off an outstanding mortgage liability early? If a capital sum were available to pay off a mortgage would it be advisable to forego tax relief on the mortgage interest? It appears that many people advise on not making early repayments without being able to explain precisely why. Is there a general rule or does it boil down to individual circumstances?

The sort of question to ask yourself is:

(a) Can I invest the lump sum to produce more income (and capital growth) than I shall be paying by way of mortgage interest, after tax and tax relief?

(b) Might I need a lump sum at some time in the future? If I pay off my mortgage, might I later have to borrow money in circumstances where the interest does not qualify for tax relief, even if I remortgage my home?

(c) What effective rate of interest shall I be paying on my mortgage, as distinct from the nominal rates stated by the building society?

The general rule is "If in doubt, don't pay off your mortgage."

No legal responsibility is accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Counterfeit cheque

I parted with my car against a perfectly good looking building society cheque made payable to me and issued by the building society and drawn on their own account. This cheque was accepted by my bank and paid into my account. Subsequently it turned out that the cheque was a quite exceptionally good counterfeit.

The answer to your final question is that (since February of this year) the prices of all gilt-edged stock are quoted in the way which used to be restricted to those within the last five years of their life: the amount payable by the purchaser is the bargain price plus an amount equal to the gross interest accrued from the day after the last interest payment date to

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**BRIEF**  
TO GIVE the thief his due, it was a very professional job. On the West German overnight train from Strasbourg to the Spanish border with France, passengers pulled the seats out to make beds, and settled down for the night. My green satchel bag with all my money and documents inside was well hidden under my seat. Sleep was the only object.

Later during the night, the conductor came to check tickets. The lights were on and everyone had their bags out. The few people who waited patiently and conspicuously in the corridor for the conductor to move on did not attract attention at that hour. They were not, however, there purely by chance; some were undoubtedly marking targets for theft.

In the small hours, as three of us slept, the compartment door slid open and a thief crawled silently under the beds to remove my bag. The slick execution of the theft was remarkable. In the lavatory further down the train, the bag was ransacked and its contents meticulously examined. Passport, camera, credit cards, Eurocheques, and travellers' cheques were all taken, and the bag discarded in a pool of urine.

At least five or six others on the train had a similar unpleasant discovery at the border next morning: frantic searching of compartments produced nothing, only blank faces. The locals knew only too well what had happened, and the Spanish and French border guards merely shrugged their shoulders. "C'est normal. That's normal."

The number of irate tourists arriving that day was apparently nothing more than average. No bags were searched as the passengers went through customs. "Le voleur, il est depuis longtemps disporo." The thief's lone

George Eykin seethes over bureaucratic callousness

## Robbery followed by a wild goose chase



gone," the police said with certainty. This was, after all, the EEC-free movement between countries and all that.

Back in Cerbère, the last French station, the police were equally nonchalant. On the counter stood a huge pile of forms for the declaration of theft. The inspector clicked his teeth and left us to fill them in. The other tourists who had been robbed could not understand officialdom's lackadaisical attitude to what was clearly regu-

lar, organised and systematic robbery.

French border police repeated that searching for the thieves would be pointless—they had got out of the train well before Port Bou, the final stop.

The inspector wearyingly checked the list of stolen items with each person and retreated to his typewriter to hammer out the paperwork. It was clearly a great inconvenience to him and his colleagues. Requests to make an emergency telephone

call were met with: "Oh, ça va m'ennuyer. You're a pain!"

The results of being stuck penniless in a remote outpost of the country had clearly not dawned on them. It was just another upset Sunday. More trains deposited more robbed tourists. Throughout, there was no sign whatsoever of any desire to tackle the problem at the root—the crime itself. The pirate gangs remain unchallenged, and the thefts are treated merely as paperwork. That may be normal in South America, for example, but if this is to be the norm for EEC nations, there is surely cause for concern.

The gangs are on to a good thing and they know it. During my subsequent trip to the British Consulate in Marseille, and on other trains, I met numerous travellers who had suffered the same fate, summarised succinctly on the form as *vol pendu* (*committed to the victim*; *Theft while the victim was asleep*.)

The form given to the hapless traveller is called *le procès verbal* (*verbal trial*), and the Inspector issuing it is the judge. Once it has been filed, the matter is laid to rest.

I had friends an hour away in Perpignan who were willing to pick me up, so I went to the border again to complain. No matter how many identity cards with photographs I could show

to prove that I was British and had friends who could vouch for me, only a passport would do.

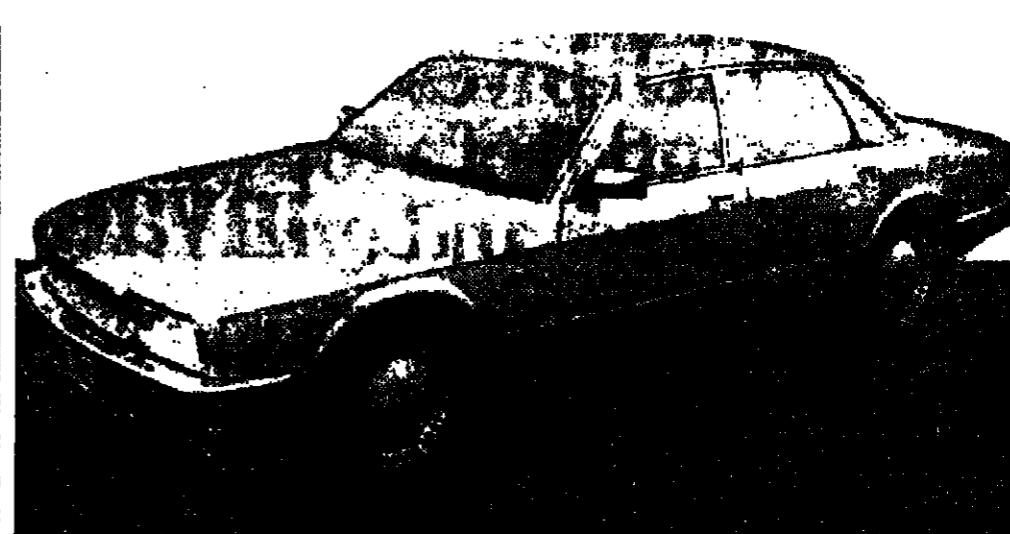
Suddenly, a French border policeman became vicious and threatened to hit me if I did not go back to Cerbère, and from there to Perpignan. There, I was assured, the consulate would give me papers. All the while, the British consulate in Barcelona was only one hour away; Perpignan was in exactly the wrong direction.

"Mais non, c'est un problème français. It's a French problem," they insisted. And so to Perpignan, hotel, more time and money wasted. Next day it emerged that there was no longer a consulate in the town. The police, however, were still gaily sending desperate tourists on this wild goose chase. "Faut aller à Marseille. You must go to Marseille."

On to Marseille, where an emergency passport was issued. Exactly two days late I reached the friends in Spain who had been willing to fetch me all the time. At the consulate more blank faces. There was no point in complaining about the police behaviour. "They only cover up for each other. Do it through London, but it won't achieve anything. No, you are not allowed to make a telephone call. There is a booth outside." And a fee for the passport. It seems extraordinary that when everything you have is stolen, the one thing everyone is asked to have is money.

The cabbies, the locals, and the railway staff— even the police—are agreed that they have a major problem with the train robbers on the crowded popular summer routes.

The sheer volume of traffic makes it hard to tackle the crime effectively, but the extent of nonchalance and bureaucracy as evident in this section of the EEC speaks for itself.



The new Jaguar Sovereign. Rectangular headlamps are the biggest outward change

## Grace, pace, space

THE NEW Jaguar XJ-6 unveiled in Paris on Wednesday and set to be the star of the Birmingham Motor Show next week, looks so like the old XJ-6 that only Jaguar enthusiasts could tell the difference.

Does this mean that Jaguar has missed a chance to dazzle the world by launching a highly innovative car? Not at all. It knew exactly what it was doing when it started Project XJ-40—code name for the new model—nearly seven years ago.

The £200 million spent would

not have gone far towards

designing and developing a

radical new car in the luxury

class. In any case, buyers do

not seem to want revolution

at this end of the market. They

prefer the mixture as before,

only a bit more so.

That is what they get with

the new Jaguar—the grace and

pace that the late Sir William

Lyon, father of the marque,

always talked about, plus more

space. Not that the new

Jaguars (and the more lavishly

equipped Sovereigns and

Daimlers) are exactly spacious

for their size, though they seat

four in considerable comfort

and now have a realistic boot.

(The old one was a shallow and

piddling affair. Had he

done so, he must thoroughly

have approved. The new car

could easily have been his own

work. It is a true Jaguar, a

direct descendant of the pre-

war SS Jaguars, the early post-

war Mk V, the big Mk VII, the

S-Class and the first XJ-6 of

1969.

Three theatres at the Annen-

berg Centre bring more per-

forming arts to the city, and

there is a good deal of classical

music-making and some good

Jazz. The City Tavern, a res-

taurant down on Second Street

in Independence National His-

torical Park, is a faithfully

functioning reconstruction of

the original Revolutionary talk-

shop of the late 18th century, while Kelly's Seafood

and Oyster House in the base-

ment of 1,500 Chestnut Street

is one of several long-es-  
tablished, excellent restaurants

which remind the visitor that Philadelphia is, above all, a

city of food.

Philadelphia's Independence Hall where the Constitution was written in 1776

developed to provide a lively

festival-and-arts complex out of

doors.

If your holiday planning is

good—or time and money no

object, or both—you could fit in

a concert or performance by

the Philadelphia Orchestra, the

Opera Company of Philadelphia,

or the Pennsylvania Ballet, while

the Walnut Street Theatre at 9th and Walnut is,

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## Gardening

## Gladiators invade riot zone

IT WAS mad, of course, but when I was offered a third piece of garden this spring I could not refuse it. How can you refuse a garden if you think you can see what to do with it? For years, I have wanted a dumping ground, the sort of private space in which you can grow the flowers which provoke a family riot.

My family riots over honest dahlias and gladioli. The gladioli cause the most trouble. By the time I remember to order the corms in spring, the small butterfly varieties have sold out. There are only the spikes of toy heavy scarlet and yellow, classic gladioli which I much prefer but which are banned from coming anywhere near our house.

You can see why I was seduced by the offer of an urban allotment. It would supplement my new town garden, lie right away from my dahlia-hating family and be a blank uncluttered patch of earth. Better still, the offer was for only part of an allotment. A well-meaning friend had leased more ground than he could possibly look after. He needed a partner; I needed some gladiolus-ground. Both of us, naturally, would continue to need Chris.

Chris is the allotment's silent worker against weeds, saving



the face of preoccupied small-holders. As writers, both of us were likely to feel preoccupied. On a romantic view, different muses would preside over either half of ground. My partner is a poet and one half of the allotment would belong to Poetry; the other half belongs to History. More bluntly, each half belongs to different paymasters. My partner had been a Times man for some while and I would be gardening, of course, for the FT.

On past form, Poetry's half ought to have been an easy winner. Flowers, we are always

told, bloom spontaneously for poets; the smiles of the Muses turn the ground into a carpet of blushing roses. Perhaps there might have been a carpet, but before the Muses smiled their poet joined the Independent newspaper and accepted a foreign posting. By last week, Poetry had produced some unsteady beans, a few floribunda roses and a healthy crop of chickweed in the strawberries. History, meanwhile, had plodded prosaically through the summer. Unlike poets, historians are allowed assistance.

It was not, then, cheating when Chris did more to help History and rescue her from being throttled by creeping buttercups during some very busy weeks. In early May, I had planted the gladioli in a hail-storm. I had chosen a vivid medley of lavender blue, deep crimson, yellow and my particular favourite which used to be called Green Woodpecker until an EEC directive obliged us all to refer to it as Groene Vuurpijkt. Since then, I have weeded less often than Chris but I have sprayed with that unsurpassed plant food Phostrogen, using it twice a month. Two weeks ago, the adjoining allotment people rang up and sounded as if our plot was about to explode. Flower spikes were showing by the hundred; what did we mean to do with them? Did we realise they would encourage burglars? Vegetable growers tend to be such puritans. Why are you wasting good ground, they seemed to imply, on a useless flower which no body can eat?

The gladioli did look marvellously provocative. You could see them from half a mile away, bending at all angles under their weight through the surrounding lines of earnest broccoli and utilitarian spinach.

Robin Lane Fox

## Right to the point



article about his theory in the 1982 Rose Annual.

The gist of this is that thornlessness in roses is controlled by genes floating freely in the sap and not confined to the nucleus within the cell, as are the majority of genes. The importance of this is that free genes are not embroiled in the endless minutiae of separation and recombination which goes on in the nucleus and which can make the breeding of complex hybrids such a very unpredictable affair. Free genes can be passed on from one generation to another with a fair degree of certainty, and Oliver was building them up when he propagated from those stems that had the fewest thorns.

It would also appear that anyone trying to raise new thornless roses from seed should use the least thorny kinds as seed parents since the female egg cells contain far more sap than

Arthur Hellyer

the male pollen grains, which have scarcely any.

Turning to more immediately practical matters, I see that roses are already on sale in quantity in polythene packs in the garden centres. Clearly,

these early arrivals must have been stripped of their leaves artificially to make it possible to dig them up and prepare them for sale. Personally, I think it is too soon to be planting roses from anything but containers.

However, whether you buy now or later, the rules of planting are just the same. Prepare a hole of ample size, unwrap the rose, plunge it into a bucket of water for a few moments if the roots appear at all dry and then plant without delay, spreading the roots out the full extent and surrounding them with well-broken-up soil. No fertilisers are required at this stage but a sprinkling of bone meal will do nothing but good if you do not mind handling the stuff.

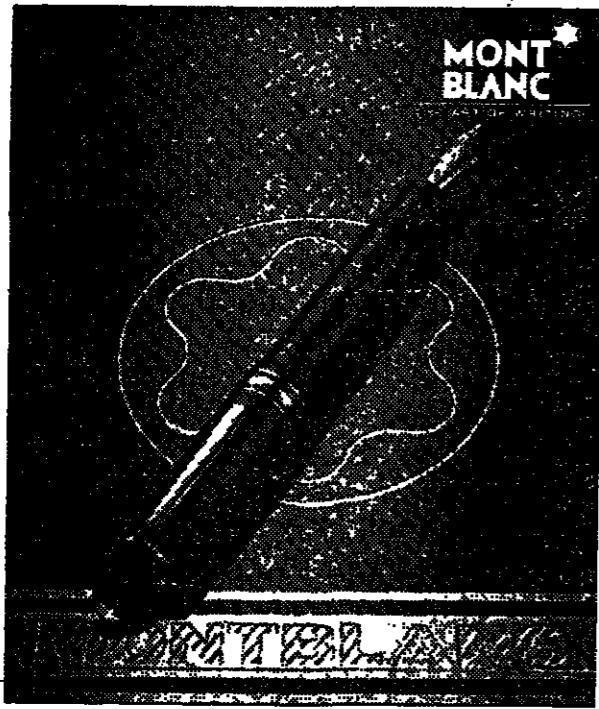
The plan has been maintained ever since. Almost every year since 1787, The Botanical Magazine has diligently recorded between 45 and 60 plants. The total number is now approaching 11,000. In 1844, copper-plate engraving gave way to lithography, but the plates continued to be coloured by hand until 1948 when it became impossible to find enough artists for the work.

Because of the remarkable

Janet Marsh

MONT

BLANC

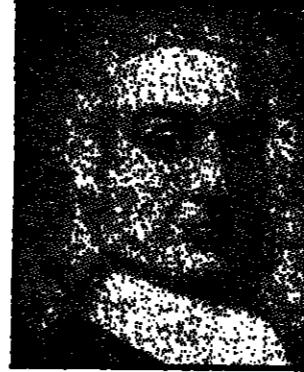


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## Golden treasury of Kidd stuff



Captain Kidd

Kidd accumulated more notoriety than gold. He was appointed to clear the Indian Ocean of pirates but was so unsuccessful that his crew "persuaded" him to turn poacher. He was a freebooter for only a couple of years, never amassed much loot and when, under threat of execution, he offered to buy his life with his pickings, he exaggerated their value.

There is no evidence that he ventured as far east as Vietnam; doubts have been expressed about the authenticity of "his" maps and the "Captain Kidd" chest that turned up in the 1930s - the last great age of treasure hunting - have very dubious ring to them.

Kidd maintains he cracked the maps by realising that lines of longitude have changed over the centuries - a fact not unknown to scholars. He claims to have pinpointed one tiny

hoard, it is hard to take his bad luck in every other sphere. The photographs he took of the treasure were stolen by Thai pirates, when he returned to the island with a helper, they were arrested before they reached the hiding place; twice he sailed a small boat across dangerous seas with only the most perfunctory experience of navigation; his "backer" lost interest only after he hit gold; and, above all, he did not return to Malaysia to claim the booty he had hidden there. Rather, he took the great risk of returning to a communist country for a second helping.

There is no tangible proof that Kidd has discovered anything. It would have been nice if the "Chinese" figure from the chest he so much admired could have accompanied him back to the West. Everything

of the devil in finding the has to be taken on trust.

Perhaps the biggest obstacle is the personality of Knight himself. He is a roamer and a romantic who for years has survived of his wits in the most wayward areas of the world.

There are undoubtedly treasure troves to be found but they will be uncovered by professionals, well financed, well researched, well equipped. For the past few years Knight has been holding court in bars around the world with his stories of buried pirates' gold. Many have believed him; some have helped to fund him; he seems a charismatic man.

He recently telelexed Penguin with the good news that he was in possession of a hoard he estimates to be worth £40m. If something happens to it before it can be revealed to a credulous world, at least he has had the satisfaction of spending the advance on the book.

\*Treasure, by Richard Knight and Glenny Roberts Viking, £9.95. Published October 16.

Antony Thornecroft

## Cookery

## Fine fruit for a jam session



pastry makes an unusually good shortcrust, while clotted cream provides a rich finishing touch. Generous 1lb blackberries, sugar and lemon juice; short-crust pastry made with 10oz plain flour, 5oz butter and about 2½ tablespoons freshly-squeezed orange juice; clotted cream.

Make the pastry and use it to line six small fluted flan tins with removable bases. Mine measure just over 4 in across. Blind-bake at 400°F (200°C), gas mark 6, on a pre-heated baking sheet until the pastry is well cooked. This can be done a day ahead; store the tarts, as soon as cold, in airtight wrappings.

Roughly from the stalk, and put them into a large pan. Add the apples rinsed, roughly chopped and minus any bad bruised parts. There is no need to core them.

Add just enough water to cover and simmer gently until the fruits are very soft and pulpy. Crush the fruit down with a potato masher and simmer for a little longer until it starts to become pulpy and the liquid is slightly reduced.

Remove the butter muslin bag, squeezing it well so that all the flavoursome juices drip back into the pan. Add the sugar and the juice of the second lemon. Stir over low heat until the sugar is dissolved, then fast-boil until setting point is reached. Pot in warm jars in the usual way.

CORNISH BRAMBLE TARTS (serves 6)

Brambles taste best when neither cold nor cooked to a hot mush but gently warmed so their purple juices just begin to flow. The use of orange juice in lieu of water to bind the

This is a filling dessert, best

served after a fresh, light main course such as a salad.

ROWANBERRY JELLY (enough for 12 or more small jars)

Traditional accompaniment to venison and grouse, I find this too astringent if made with rowanberries alone. Using more or less equal weights of rowan and apples produces milder results, yet still allows the distinctive smoky rowanberry flavour to shine through. The inclusion of apples also improves the set.

2-3 lb ripe firm and dry rowanberries; 2 lb Bramley or crab apples or windfalls; granulated or preserving sugar.

Rinse the berries, snip them roughly from the stalk, and put them into a large pan. Add the apples rinsed, roughly chopped and minus any bad bruised parts. There is no need to core them.

Add just enough water to cover and simmer gently until the fruits are very soft and pulpy. Crush the fruit down with a potato masher once or twice as it will help to release the pectin and acid.

Tip the contents of the pan into a scalded jelly bag suspended over a large bowl and leave to drip for several hours or overnight.

Measure the juice. Put it into a preserving pan and add sugar at the rate of 1lb for every pint of juice. Stir over gentle heat until the sugar is fully dissolved, then fast-boil until setting point is reached. This may take about 40 minutes and it is wise to check for a set using both a thermometer and the saucer test.

Skin the jelly and pot in the usual way.

Philippe Davenport

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IN THE catalogue of Great English Institutions, The Botanical Magazine deserves a place of honour. There may be longer-running scientific journals but no other colour-illustrated magazine can beat its record of 189 almost unbroken years of publication. The Royal Botanic Gardens at Kew, which now publishes the magazine, plan an exhibition to celebrate the bi-centenary next year.

The founding genius was William Curtis, who is commemorated in a small museum at Alton, Hampshire, where he and his Quaker family exemplified the Georgian characteristic of moving with surprising ease from one profession to another. His grandfather was a physician and apothecary, his father a tanner. Curtis was apprenticed to his grandfather, who disapproved strongly of the interests in insects and "weeds" which he evinced early in life.

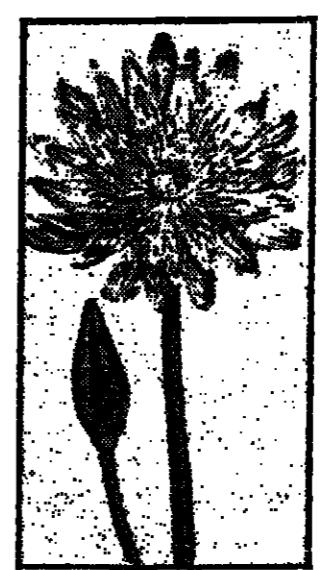
However, he was encouraged in his botanic pursuits by an ostler at the pub next door, an illiterate man called Thomas Legg who, according to Curtis, had acquired phenomenal knowledge of plants by studying the illustrations in the herbals of Gerard and Parkinson.

He came to London to finish his medical studies at St Thomas's Hospital and later ran a practice in Gracechurch St. So much of his time was taken up with plants rather than patients, though, that he was obliged to take on a partner, to whom he sold out fairly speedily. By the time he was 27 he had been appointed Demonstrator at another notable and still flourishing London institution, the Apothecaries' Garden in Chelsea. Here, his job was to lecture the student apothecaries on medical botany.

One garden was not enough for such a passionate plant-lover. In partnership with the brother of Gilbert White of Selborne, one of the most famous of 18th century naturalists, Curtis formed a private botanic garden in Bermondsey. He followed this with others in Lambeth and Brompton where he received gifts of plants from the King, Sir Joseph Banks, and all the leading botanists of the day.

His publishing ventures began with catalogues of more than 6,000 plants which he cultivated, and a pamphlet of Instructions for Collecting and Preserving Insects. His main love was not for exotic botanical species but for the modest plants that grew in the locality of London; and in 1775 he embarked on a massive *Flora Londiniensis* in splendidly illustrated folio. After six volumes, comprising 432 plates, he was obliged to abandon it. The public was not excited by home

## Doctor in the shrubbery



Detail from the Botanical Magazine of 1802, one of those to be sold at Christie's

longevity that seems endemic to botanists. The Botanic Magazine has had comparatively few editors in its long career. Indeed, in the 105 years between the death of Curtis in 1799 and 1904, there were only three editors. Curtis was succeeded as editor by his friend, John Sims, who lived to 82; from 1838 the post was filled in turn by William Hooker, who lived to 80, and his son, Joseph, who retired at 57 and lived to 94. Joseph's daughter, Harriet Ann, is one of the long succession of fine botanic artists who have drawn the plates, died at 92 in 1946.

The Botanical Magazine long ago ceased to provide anyone with pudding: no longer an economic enterprise, in 1921 it was threatened with extinction. For the first time, there was no annual volume that year. It was saved, however, when it was adopted by the Royal Horticultural Society. To maintain its broken record, the "1821" volume was finally published in 1938. In April 1964, it was taken over by the Royal Botanic Gardens and incorporated into The Kew Magazine. The present editor is Dr Christopher Gray-Wilson, and the magazine is published in association with Collingridge.

Few subscribers, outside great libraries and scholarly institutions, have matched the continuity of the publication or the longevity of its old editors. It is rare to find complete runs in private collections, so that it is a major event when one appears in the saleroom. On October 15 Christie's has such a set running from Volume 1 to Volume 184, of 1838, and lacking only 16 plates from the total of 10,514 issued up to that time.

The major part of this set might have been put together late in the 1930s or 1940s since the uniform half-morocco bindings, in good period style, seem to date from this period, while the later volumes are slightly different in style and colour. A price between £25,000 and £35,000 is expected. A less attractive set, from the Tresco Abbey library, was offered by Sotheby's last May but at £30,000 failed to reach its reserve. At Christie's in April, a much shorter run of the first 57 volumes realised £10,000.

Because of the remarkable

Janet Marsh

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Post**

is happening in the world of crafts, to find a craftsman whose work you like and to keep him (or her) in mind for the day when you would like to commission something special.

When Lady Philippa Powell first had the bright idea of bringing the work of the best of our craftsmen together under one roof six years ago there were just 30 exhibits and turnover was just £2,000. This year there are some two hundred exhibitors, turnover is expected to be about £600,000 and so popular has the event become that it has been divided into two sections.

The first part of the fair is from October 11 to 13 and then from October 15 to 20 new group of craftsmen with completely new and fresh work will arrive. There's lots of emphasis this year on ceramics (some wonderfully fresh and joyful pieces, many like Mary Case's hare photographed here, featuring animals), on jewellery, blown glass, on furniture and on toys. The mood among them all is softer, more romantic, more seductive than ever.

If you are in the mood for a little early Christmas shopping go along to Chelsea Old Town Hall, in the King's Road, London SW3 on any day between October 11 to 13 and between October 15 and 20.

REGULAR READERS will know by now that the annual Chelsea Crafts Fair is a marvellous way of doing some early Christmas shopping. Each year it attracts growing numbers of crafts people from all over the country. Each year there is the same attractive mix of the small and the ethnic, the gentle, the serious, the frivolous and the plain whacky.

You can go looking for a one-off idiosyncratic piece of pottery, for a witty piece of jewellery or a fine, hand-made sweater. You can buy a cashmere shawl so fine it will do the traditional party-trick of going through a wedding-ring.

You can buy as little as a sparkly bow tie or something as large as a piece of furniture. It's a good place to see what



ABOVE

MARY CASE does some of the most charming ceramics I know; regular readers of FT will already be familiar with some of her work. I first discovered her at the Chelsea Crafts Fair some years ago and she continues to exhibit regularly. She specialises in soft, pretty colours and rather gentle, rural themes. Here is one of her March hares, seven inches high, handbuilt in glazed earthenware and hand-painted in bluish grey with blue, yellow and orange flowers. On the side is a lady-

bird, bumble bee and small painted in their own authentic colourings. Besides her March hare she also does elephants, ducks and large classical lidded bowls.

The March hare is £90 and can be bought at the Fair. Otherwise contact her at home — 32 Hield Road, London SW10 (Tel: 01-532 8498) or at her studio (01-622 0436) for special orders or colours. Those who like her work might like to know that she also does decorated tiles sold through Criterion Tile Shop, 196 Wandsworth Bridge Road, London, SW6.



birds in orange, pink, green, blue and beige with a clear glaze finish. The dish sells for £58 at the fair, but those who like Jill Fanshawe Kato's work might like to know that there is always a selection at Primavera in Cambridge, the New Asgate Gallery in Farnham and, for our Japanese readers, at Seibu in Tokyo.

**RIGHT**  
SOME of the best pieces to look out for at the Fair are the exceedingly reasonably priced works of Paul Gandy. I can hardly think of better value than this enchanting bird-bath, which Paul Gandy sells for the princely sum of £15. In stone ware with a matt glaze in an oatmeal colour, it is made by four fairly intricate processes, from "throwing" through to "extrusion modelling." Just

ALTHOUGH THE wine business

may be peculiarly susceptible to frauds, the usual run of scandals involve beverages no worse for the drinker's constitution than the wines imitated. Yet they attract an inordinate amount of publicity: the wine-drinking public thoroughly enjoys the humiliation of wine merchants—not to mention wine-experts, a breed attracting much suspicion.

But there is a certain joy in finding cheeky chappies who buck the system. Pierre Bert, the central figure in the Bordeaux scandal of 1973-74, became almost a French national hero. The Bordeaux scandal was a classic not because the wines involved were at fault—they were perfectly decent reds from the Médoc muddering under another name—but for the fun of seeing the mighty fallen.

There is also a certain public innocence involved. The assumption is that the usual run of wines are pure juice of the grape untouched by chemistry. This belief is touching—and so valuable that wine shippers dare not explain that theirs is simply a branch of the food



processing industry. They could add that most scandals spring from the public's notorious meanness and love for a bargain, however false; and they could also claim that they are, in a sense, the victims of a revolution of rising expectations.

For the wines which made claret and sherry, port and

champagne famous were, by today's standards, monstrously doctored liquids. Modern table wines are much purer—and healthier—than anything known to Victorian—or even Georgian—British drinkers. Until very recently, ordinary wine could not be transported unless it was strengthened and protected against the effects of heat, cold and, above all, air.

Fortunately for the wine merchants, the British aristocracy (which dominated the market for most of the best wines from the days of Charles II until 1945) liked its wines rough and strong. "When drunk," wrote one 18th-century port merchant, "it should feel like liquid fire in the stomach; it should burn like inflamed gunpowder; it should have the tint of ink." Claret was not much better after they had been subjected to *frascati à l'Anglaise*, strengthened with dollops of stronger wine from the Rhône, as well as with brandy. Hocks were given a dose of brandy, too. So, within living memory, were the sparkling wines of Champagne.

The French wine laws originated in the 1880s in a long struggle to get legal protection, at home and abroad, for the best French wines and spirits (mostly British) who don't bother to read the words "Product of more than one country" in tiny letters at the bottom.

The Austrians can claim that their own recent wine scandal, like so much else in Austrian history, was a consequence of German influence. While not wanting to spoil a good story, it has to be said that the wines involved were not laced with anti-freeze, which contains ethylene glycol. The Austrians used diethylene glycol (DEG)—an industrial solvent added when making printing inks or dyeing textiles. The fraud was still, in a bad year, in Bordeaux,



PERFECT for wearing around the house and for teaming with jeans or trousers, this tunie is made from 100 per cent cotton, hand-printed (which gives the fabric its special charm), and comes in a lovely navy-blue and white. The hand-printing is a minority craft from Xian in the Kun Ming district. Neal Street East has lots of jackets in various shapes and designs, starting at about £15.



## China syndrome

ALTHOUGH China has not been short of attention in recent times, there is nothing like a royal visit for focussing eyes on far-flung places. This week the Queen starts her tour there, and it seems a good moment to see how the new, outgoing attitudes of post-Mao China have influenced the shapes and colours of what we buy in the shops.

Two London stores with long and honourable connections with the Far East are at present making quite a fuss of all things Chinese. Liberty of Regent Street, in the heart of the West End, has been trading with the Far East for well over 100 years and its current exhibition (until October 25) is a must for all those interested in the rare, the precious, the old.

Here, you will see some of the most unusual and most expensive pieces—and if it's furniture you are after, you have better hurry. Fine antique chests, beautifully crafted, are selling fast. There is a splendid bedhead—so dramatic that the buyer, Alison Pyrah, thought



MADE FROM Shanghai brocade, this bra would certainly not have been much in evidence in Mao's time. Today, it is widely available in Shanghai and the brightly-coloured fabrics plus the intricate stitching make it look very unlike most people's idea of underwear. It could certainly be worn under an open jacket (instead of a camisole) or in the summer in conjunction with a sarong-style skirt. £6.50.

## Safari, FT-style

Batonga villages so remote that the women still had their front teeth knocked out to prevent the slave-traders from eyeing them.

We slept in tents on the banks of the Busi River, noddled off in tree houses to the sound of bull-frogs grunting, dreamed under acacia groves to the distant roar of lion, and spent our final night cheek by jowl in little boy scout tents looking over the blue waters of the Zambezi and onto the purple mountains of Zambia.

We had pancakes with golden syrup over makeshift fires, ate more than was good for us in the middle of nowhere, and celebrated two wedding anniversaries with cakes baked by our Batonga cook in the middle of Chizara.

We were slightly short on the promised "heat, dust and flies" longer on chilly early morning starts than my urban metabolism cares for. A few too many hours were spent in Land-Rovers (lessons to be learned there) but we tracked down rhino, elephant and lion and even caught glimpse of cheetah. We wandered into

IT was a temple door. There are antique pots and plates, lacquer-ware as well as contemporary rosewood, brocades and reproduction furniture.

Meanwhile, Christina Smith has been making forays into China since 1972.

She has seen a big change in what is available since the Cultural Revolution and reports that the arts and crafts are once again blooming.

At her shop, Neal Street East, at 5-7 Neal Street, WC2, she has some of the best of the new-looking products. Look out for the pure silk T-shirts (not items among the Peking diplomatic set, more glamorous than the usual vests, and just as warm), at £11.50 a throw.

Then, there is a good selection of Taoist jewellery ranging from silver rings at £6 to a "long life necklace" at £35. For travellers to sunny climates, there is a completely collapsible sun hat—in red, white, black, pale pink and pale blue, it comes in its own zip bag and folds almost completely flat. £2.99. Everything sketched here is from Neal Street East.



A CREAM Kimono from Shanghai. Made from creamy nolle silk with white hand embroidery, it shows some deference to the tastes and influence of the large Japanese market so it isn't "pure" Chinese. However, for Westerners it makes a marvellously simple wrap-around for wearing in the house; and at £29.95 for a pure silk number, it is hard to beat for value as well.



DRAWINGS: Anne Morrow

white versions have been around for years. Christina Smith had long wanted to buy them in plain white and it took her six years to persuade the factories to make them. At last she has done so and here they are—translucent, delicate, elegant, £13.00 for the bowl, £8.50 for the spoon.

seem to mind the lack of nubile blondes. With that lot, you could have had a good time on a wet weekend in Blackpool.

Any takers for any more FT specials? And, if so, what kind? Let me know and watch this space.

L.v.d.P.

## Wine

### Schooled in vintage scandal

of a previous year's crop; an old-established (now illegal) habit.

In France most of the laws are obeyed, more or less, most of the time. In Germany fraud is an ineradicable part of the wine business. The veteran lawyer and wine merchant, Paul Hallgarten, recently wrote:

"An offence against a King, a duchess, a cavalier or nobleman's game. Like a duel it was just a crime that did not spoil an honest name." Hallgarten should know. As a 14-year-old boy, left in charge of the family business when his father was called up, to fight in World War I, he learnt how the judicious use of a little apple or pear juice softened the local wines, and how even wine sales did not guarantee that a wine had not been tampered with.

The Germans seem to have no sense that they have a vinous heritage which is eminently worth preserving. They have further damaged their image by dressing up a lot of flabby Italian plonk in bottles labelled in phony Gothic lettering, passing them off as German to customers (mostly British) who don't bother to read the words "Product of more than one country" in tiny letters at the bottom.

The Austrians can claim that their own recent wine scandal, like so much else in Austrian history, was a consequence of German influence. While not wanting to spoil a good story, it has to be said that the wines involved were not laced with anti-freeze, which contains ethylene glycol.

The Austrians used diethylene glycol (DEG)—an industrial solvent added when making printing inks or dyeing textiles. The fraud was still, in a bad year, in Bordeaux,



still to be traded in bulk between Austria and Germany, the trade had blocked proposals restricting sales to bottled wines, more easily traceable and checkable.

Strictly speaking the German

merchants who imported so

much of the adulterated wine

were innocent—they paid the full price. But fraud was possible on so large a scale because greed stopped the Germans asking questions about the up-market "auslesen" and "beerenauslesen" available in surprising quantities at gratifying low prices from some of their Austrian suppliers.

The wines were not especially dangerous. A drinker would have to consume half his or her body weight in wine strengthened with DEG before dying,

and by that time the drinker

would have succumbed to the alcohol—one and a half times

The additive came in handy because, in the Austro-German wine trade, more sugar in the juice meant a classier and thus a more profitable wine.

Physiologically the addition of DEG was not serious; in every other respect it was appalling. Growers and merchants were trying to recreate artificially qualities which should naturally be present. Unlike the Bordeaux scandal this was true fraud; worse because the wines involved occupied the highest rankings in German wine's complicated system.

The ensuing row unearthing other horrors. It transpired that four out of every 10 bottles of domestic wine sold in Austria had never passed through the official records: that there was a considerable trade in official papers; that the practice of making totally artificial wines had crept in from Italy; that dangerous preservatives had been used to stabilise sweetened wines; and that yields had soared.

International publicity was enormous. The American wine industry exploited the fact that some tiny, harmless traces of DEG were found in Rüdesheim, a best-selling Italian import. But the results of the scandal were short-lived. Although the Germans declared that they would make their wine laws the strictest in the world, proposals were soon watered down. Stricter and better-enforced wine laws are not the answer.

From the earliest days of fine wines, when Samuel Pepys, the 17th-century English diarist, drank his "Ro Bryan," it has been names, not regulations, that wise drinkers look for. If you want an idea of how delicious "real" German wine can be, look for the name: growers like J. J. Prüm; merchants (mostly London-based) like Sichel, Delheim, Löb or Hellgarten. Names mean more.

\*\* Wine Scandal, by Fritz Hallgarten (*Weidenfeld & Nicolson*, £10.95).

Nicholas Faith

Ritual and Penitence



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# Days of disaster

**ANTHONY EDEN**  
by Robert Rhodes James  
Weidenfeld & Nicolson.  
£16.95. 665 pages

WELEN Anthony Eden returned to the Foreign Office at the end of 1940. Churchill wrote that it was "like a man going home." Eden had already been Foreign Secretary—one of the youngest ever—in the late 1930s, but had resigned over Chamberlain's anti-Americanism and appeasing approach to the European dictators. He remained at the Foreign Office for the rest of the war, returned again when Tories won the general election in 1951, and became Prime Minister in 1955. The next year was Suez.

How is it that the man who seemed born to the job should have presided over one of the greatest British foreign policy disasters of all time?

That Suez was such a disaster there can be very little doubt. Indeed the more one reads about the diplomacy that led up to the Anglo-French collusion in the Israeli attack on Egypt and the subsequent intervention of British and French forces, the plainer it becomes. It was a mistake of huge proportions.

Hugh Gaitskell, the leader of the Labour Party, was present at a Downing Street dinner when the news of Nasser's seizure of the canal came through. Although he was as staunch as practically everyone else in urging the need for retaliatory action, he noted in his diary at the time that it would be essential to bring the Americans into line. That is precisely what did not happen.

Some of the personal letters from President Eisenhower to Eden could hardly have been clearer. "The step you contemplate," the President wrote, "should not be undertaken until every peaceful means of protecting the rights and the livelihood of great portions of the world has been thoroughly explored

and exhausted." Eden interpreted that as meaning: "The President did not rule out the use of force."

A few days later Eisenhowe wrote again: "I am afraid, Anthony, that from this point onward our views on the situation diverge... I must tell you frankly that American public opinion flatly rejects the thought of using force." Two weeks later there was another letter accusing Eden of "making Nasser a much more important figure than he is," and advocating using diplomacy to let some of the drama go out of the situation.

Oddly enough, it was the same sort of approach that Eden thought the Americans should have taken when Mussolini nationalised the Anglo-Iranian Oil Company and its refinery at Abadan in 1951. There was no point, he said then, in taking precipitate action in the volatile Middle East. Yet by Suez he was oblivious to such advice.

Robert Rhodes James, the official biographer, lays some of the blame on Dulles, the US Secretary of State. And it is true that Dulles was extremely hostile to Nasser, wanted him overthrown and was not wholly averse to the use of force. But Eden should surely have known that in the event it was the President—not the Secretary of State who mattered most.

Rhodes James attaches some blame, too, to Mountbatten for not raising his doubts about the military feasibility of the operation earlier and at one stage accuses him of "conduct [he (Churchill)] would not make Lloyd George's mistake of carrying on after the war." Yet it was still Eden who had the overall responsibility.

One of those who did protest was Lord Salisbury, who might have been expected to have been a hawk. The reason why so few others did so was that hardly anyone knew what was going on.

When the Israelis attacked it had been arranged that Britain and France would issue an ultimatum calling for a ceasefire, but in fact as a pretext for Anglo-French intervention. The Israelis did their bit, then called at the British embassy in Tel Aviv to ask where the ultimatum was. The Embassy knew nothing about it.

Recurrent illness, prolonged overwork and too great a readiness to see in Nasser another Mussolini have been put forward as explanations for Eden's actions and there is something in all of them. R. A. Butler, however, perhaps came closest when he wrote of the frustration: "the residues of illiberal resentment at the loss of Empire, the rise of coloured nationalism, the transfer of world leadership to the US." Those words were not spoken, but the emotions must have been felt.

It is worth noting in passing that Eden had another fault both as Foreign Secretary and as Prime Minister. He felt no attraction to the movement that was to produce the European Community. Britain, in his view, was not a European nation. Even in the early 1950s Macmillan, whom Eden never liked, was pressing the European card. At that formative time Eden would have none of it.

He might have been a better Prime Minister had he not been kept so long in waiting by Churchill. The latter told him as early as 1940 that "the succession must be his" and that he (Churchill) would not "make Lloyd George's mistake of carrying on after the war." When Eden finally did succeed, he had never run a home department and the majority of Conservative MPs had hardly ever met him because he had been so much abroad. He was not good at Cabinet changes and interfered greatly in other Ministers' business. The art about

of politics eluded him. If a fine phrase was in a draft speech, he would almost invariably substitute a cliché. This is a sympathetic book, though Rhodes James is too good an historian to have overlooked the defects. It is at its best when he is writing about Eden's boyhood, his Government determined that never again should British relations with the US sink so low. The French said that the Americans could not be trusted; the British said that they must be treated. Those attitudes are still apparent 30 years later.

Malcolm Rutherford



# Talking of Michelangelo

**THE SISTINE CHAPEL: MICHELANGELO REDISCOVERED**  
edited by Massimo Giacometti. Muller, Blond & White, £40. 271 pages

**RENAISSANCE ARTISTS AND ANTIQUE SCULPTURE**  
edited by P. P. Bober and R. O. Rubinstei. Harvey Miller/Oxford, £40. 522 pages

WHILE THE visual arts stagger backwards to their prehistoric and boriginal origins, reproductions of the world's supreme masterpieces are achieving a technical perfection undreamt of hitherto. A new, copiously illustrated and documented opus on the Sistine Chapel enables us to carry its wonders about with us and marvel not only at Michelangelo's miracles, but also at the magical effect of modern restoration.

The controversy about the recent cleaning of these frescoes, begun in the summer of 1980, still rages furiously. Some critics complain that this has been excessive; that the four centuries of dirt, soot and glue-varnish should have been left intact for the sake of their "monochromatic tonality." Others feel that Michelangelo would be gratified to find his handwork refreshed and rejuvenated.

Considering its vicissitudes, this Chapel is indeed a survival of the fittest. All honour to the enlightened Popes who encouraged the titan and spared him on even against his will, despite exhaustion and ill health and his plea that he was not yet a painter. Some of their successors to the Holy See, if not pseudo-Cromwells, were less farsighted. The Dutch Adrian VI condemned the frescoes as "sinful, worldly, shameful and abominable."

Ironically, Daniela da Volterra, a devout pupil of the master, was engaged to conceal the private parts of the nudes with "purificatory adjustments." Paul III's Master of Ceremonies, Biagio da Cesena, objected that they were an offence against religion, and periodical threats of their total destruction were fulminated.

Art was to triumph over the fanatical philistines, and this superb publication is a permanent record of its success. The volume represents a happy result of international collaboration: printed and bound in Switzerland, edited by Massimo Giacometti, with a Japanese, Masashi Azuma, as editorial director, and brilliant photographs by his compatriot Takashi Okamura. A galaxy of eminent art historians and the chief restorer of Papal Monuments, Museums and Galleries are responsible for the text. Altogether one could not demand a finer production, even if the translations from French and Italian are occasionally clumsy.

Professor Michael Hirst observes that some version of a sarcophagus now in the Louvre was known to Michelangelo, and that one in the Sistine Chapel was derived from a male river god on the Arch of Septimius Severus. That he gained inspiration from such classical compositions is postulated by Professor P. P. Bober in their encyclopedic "handbook of source" entitled Renaissance Artists and Antique Sculpture, containing over 500 illustrations. They point out that Michelangelo was familiar with a Roman altar of the 1st century AD and that he adapted the figure of Hercules "reaching over a Hesperid for an apple, to Adam in the Fall of Man." Furthermore Raphael and Botticelli were also indebted to the Greco-Roman artefacts described in meticulous detail.

The Roman copy of a neolithic sculpture of Pomona (1st century BC-1st century AD) probably served as a prototype for Botticelli's Primavera, and the famous Tazza Farnese (2nd century BC) may have been adapted for Botticelli's Birth of Venus, and so forth and so on with chapter and verse.

The authors have left no stone unturned in their quest for original influences and borrowings from the antique. Their text is a lively appendix to Lemprière's Classical Dictionary: the reader is overwhelmed by the detective pertinacity of these learned ladies both steeped in Ovid's Metamorphoses, which they tempt one to re-read. But their versions of Greek myths are chaster than Lemprière's, for the nymph Salamis who longed to possess Hermaphroditus could scarcely have been unusually languid since she endeavoured to obtain by force what was denied by prayers.

With the result of which we still see too many pathetic examples. Their erotic vocabulary often sent me to consult a dictionary, always a pleasure.

Professor Bober reminds us that Donatello and Brunelleschi "avidly measured ruins and drew antiquities in the first years of the Quattrocento." Piranesi's prints help us to imagine the thrills of such visitors to Rome when so much of its ruins remained in situ, even if sarcophagi were used again as tombs, fountain troughs and holy-water stoups.

This is a whale of a book, and more is promised. After reading it one is prompted to revise Pater's statement that "the Renaissance of the 15th century was, in many things, great rather by what it designed than by what it achieved." I suspect that the great Winckelmann would have nodded enthusiastically.

Harold Acton

# Power behind Gandhi



G. D. Birla: horse-riding industrialist

intimacy discussing in detail questions of diet and methods of achieving chastity!

But beyond personal admiration were other considerations. Many of the Congress leaders, like Nehru, inclined to socialism, Gandhi's attitude, by contrast, was strikingly conservative. He wanted to revive cottage industries and believed that the caste system provided India with an important element of stability. Many of the Congress leaders were frank agnostics. Gandhi was deeply imbued not only with Hindu principles but with respect for Islam and Christianity.

Moreover, Gandhi's fundamental principle was that the method of attaining independence must be non-violent. For businessmen violence is always alarming. Gandhi thus represented for Birla a reassuring figure, essentially conservative and dedicated to achieving his aims by peaceful methods.

Gandhi was clearly right in his non violent strategy though it led many Marxists to regard him as almost a British agent. They could not understand how the Raj could retain control of the country by letting Congress take part in the provincial autonomy provided for by the 1936 India Act.

Nevertheless, he remained staunch for non-violence and he himself was deeply suspicious of the British. Birla managed, not always successfully, to interpret Gandhi to the Viceroy and the Viceroy to Gandhi.

In all this he sided with Patel though when Patel died his influence suffered a further check.

In his last years, he retired more and more from business in the best Hindu tradition, devoting more time to reading, writing and meditation.

Alan Ross has the advantage of an Indian family background stretching back to the era of Gandhi and writes with understanding and humour of the complex love-hate relationship which characterised the Congress struggle against the Raj. He has had the further advantage of close personal contact with Birla and many members of his family. Moreover Mr Ross has studied carefully the published material, well enough known to the Indian political world but of which others,

by the division of the subcontinent into three parts and appalled by the bloodbath of communal violence which accompanied it. His efforts to pacify the communal violence led, indeed, to his assassination in Birla's house by a Hindu fanatic. Thereafter, with the Mahatma dead and Independence achieved, Birla's political influence receded and he concentrated on developing his business empire.

Birla never really got on with Nehru and still less with his descendants. Nevertheless, he remained active in influencing Indian economic policy and defending the concept of private enterprise against the dirigiste inclinations of Nehru. In all this he sided with Patel though when Patel died his influence suffered a further check.

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even the India-conscious British public remain ignorant.

His book reveals quaint aspects of Gandhi's way of life, of his diet and his habit of having naked girls sleep alongside him to ensure that even with such temptation he could keep sexual impulses under control. There are times too when the book is rather moving

as for instance when Gandhi described himself as happy at the achievement of independence yet saddened by the liquidation of a great empire.

This is a valuable account of a little known but significant figure in the development of modern India.

Julian Amery

# I, Graves...

**ROBERT GRAVES: THE ASSAULT HEROIC 1895-1926**  
by R. P. Graves. Weidenfeld & Nicolson, £14.95. 387 pages

THREE ENGLISH poets died one week last December; and it was typical of Robert Graves, who was much the oldest of them, to outlive the other two, who were Geoffrey Grigson and Philip Larkin, though only by a matter of days. He had long made it his business to be the great survivor among poets of the English language. By December 1985, aged 90, he had survived an Edwardian public school, the trenches of the First World War, the onslaught of Modernism on English letters during the wars, the Spanish Civil War and an affair with Laura Riding. In fact he was so much the senior man of letters in English, by the 1980s, that he had begun to look immortal.

This new biography, the first since his death, is by a nephew who, justly proud of his family connections, begins with three double-page spreads of genealogy on Graves's Irish-German ancestry and his multitudinous heirs. This first volume takes the story down to 1926, when a 30-year-old Graves sailed for Cairo with his first wife, Nancy, their four children, and Laura Riding, an American poet he had met only a few days before. The book is strikingly unspeculative, though, its preface only hinting at unnamed differences with Martin Seymour-Smith's excellent biography of four years ago, and it is not much given to literary or any other sort of comment. It is more like a heap of well-arranged and neatly docketed domestic details, from a Welsh childhood through the life of a priggish schoolboy at Charterhouse, the France of the First World War and a time at Oxford, and so to a virgin marriage-bed and early struggles with married poverty.

Pages of abstruse scientific and theological discussion are infrequently enlivened by the professor's sexual encounters with his nieces—whose principal occupation appears to be battering her illegitimate child—and his wife's adultery with Dale, which rather retards the latter's efforts to rescue humanity from agnosticism. The overall effect is unwieldy and depressing, though for anyone still trying to reconcile science and religion the novel might be of more than simply academic interest. But in the end everybody is mocked and nobody is vindicated—not even God.

Kirsty Milne

poem in his opening paragraph to a water-spring in a desert, it is not his manner that counts but his information. He has had access to family papers, after all, both father's and uncle's, and though none of the new material is profoundly revelatory, it is abundant and fully organised.

The real problems, it is clear, will come later. Nearly everything Graves did that matters was to be written after his brief spell as a Cairo professor in 1926: nearly all of it, in fact, dates from a physical and emotional crisis in London in 1929, when he and Laura Riding emigrated to Majorca. The riddle of his genius starts there, for though he started writing very young, his juveniles are no more than that. That riddle lies in the growing consciousness of many of his readers that, though he always saw himself as a poet and indeed a great poet—his early public-school priggery was to turn into a most engaging egotism during his long exile on a Spanish island—his prose now looks more likely to wear than his verse. That is not a dismissive view. No poem by Robert Graves is ever anything less than the civilised product of a civilised mind. But none, in spite of a few brilliantly witty engravings, is quite good enough to sustain his self-created role as the great poetic magus of our times, and that is striking enough to be unforgettable.

Graves's notions that verse matters more than accuracy, that poetry is descended from ancient magic, and that matriarchy is natural to mankind, all flourished untroubled in an island exile untouched by the critical discipline that life in England might have given him, and his irreconcilable hatred for Modernism, which he used to call "the Franco-American thing," could only impress those who could manage to think him as good a poet as Pound, Eliot or Auden.

The fact will have to be faced that he was not, and the early poems his nephew quotes here are far from suggesting that he ever was.

George Watson

# In the saddle

**DICK FRANCIS**  
by Melvyn Barnes  
Published, £9.95. 223 pages

**BOLT**  
by Dick Francis  
Michael Joseph,  
£9.95. 240 pages

**EAVESDROPPER**  
by John Francome and  
James Macgregor, Macdonald,  
£9.95. 223 pages

**JUDGMENT OF pace** is a talent which separates a great jockey from any other rider of racehorses. It is also a vital ingredient in a successful thriller. Dick Francis has used this skill to marvellous effect as both jockey and writer; had he not written a string of bestsellers he would probably be best remembered as the man who didn't win the Grand National.

At Aintree in 1956, Francis, riding Devon Loch for the Queen Mother, was some 30 yards from the winning post and in a clear lead when his mount collapsed. No one, not even Francis, is sure what happened. This incident is recounted in Dick Francis, by Melvyn Barnes.

Barnes makes the point that Francis could easily move away from writing novels with a strong horse-racing element. Indeed he has done so, with success, in some of his recent work. However, in Bolt the smell of the stables is once again to the fore, as are the ups and downs, literal and metaphorical, of a champion jumps jockey.

Kit Fleming, the jockey we

met in an earlier novel, Break, becomes ensnared in the machinations of a devilish Frenchman who will stop at nothing (not even, it seems, killing race-horses) in trying to seize control of a respectable company to turn it into an unscrupulous guns manufacturer. We all know that good will triumph over evil but that doesn't stop Bolt from being immensely readable. Francis's style (discipline he says he learnt from meeting deadlines as a racing correspondent) does have the reader on the edge of his seat, cliché though that may be. One is compelled to finish the book in one sitting while dwelling over the last few pages (which contain a very nice twist) to prolong the pleasure. Another winner!

Francis never rode against John Francome on the racecourse; had they met, the "clever" money would probably have been on Francome. Eavesdropper is Francome's first outing as a writer of fiction (his autobiography was published last year) and it must be said that comparing the written word of the two, Francis wins by a distance. Of course it is unfair to draw comparisons — rather like pitching an untried novice chaser against the winner of the Cheltenham Gold Cup.

However Francome, who wrote the book "in partnership" with James Macgregor, has turned in a creditable performance. Jeremy Bennallack-Hart

PAUL THEROUX is still travelling but this time he has found his way into the foreign country of the future. Officially, "O-Zone" doesn't exist; it's not to be found on any map of America, obliterated after a nuclear spillage (shades of Chernobyl) which left the area untenable and uninhabitable.

The party of privileged New Yorkers—members of the superior class of "Owners"—who arrive there 15 years later regard their expedition as a sophisticated form of adventure holiday, fascinated by the deserted towns, the mutant animals, and the lurking possibility of an encounter with "aliens."

Beyond O-Zone lies a futuristic society, part Orwell, part Dr Who, divided between the sealed high-security areas where Owners live in technological affluence and the vast no-go areas inhabited by aliens—the collective term for any one without official ID. Theroux presents too much at once—his first 50 pages are bewildering—and he is having too much fun with the estranging techniques of sci-fi to explore the nightmarish functioning and

logic of the society he has entered into being. Like his central characters, he is disturbed by the idea of O-Zone, and fascinated by the terrible beauty which haunts forbidden territory. In the event, however, the trip to O-Zone turns out to be the catalyst for some good old fashioned re-education in the black wife of the development worker: candid, colloquial and utterly fearless. Indeed Rathbone is so taken with Esther that he makes her the heroine of a glorious if implausible revenge fantasy—wish-fulfilment—which rounds off the story in a manner entirely at variance with the actual and fairly despairing denouement.

## ARTS

# The craft of saving works of art

FOUR YEARS AGO Sir Peter Wakefield, recently retired from the Foreign Office with stints as British ambassador in Belgium and the Lebanon behind him, took on a job to tax his diplomatic skills: he became director of the National Art Collections Fund.

At the time it was hardly a major appointment. The NACF was founded in the early years of the century with the task of channelling works of art from private owners (often dead private owners) into the nation's art galleries and museums. It was prompted by the flow of masterpieces leaving the UK for the opulent mansions of American tycoons.

But in recent years there has been an equally free flow of heritage bodies, all with different roles but all designed to keep the UK as the art treasure house of the world. The National Trust, English Heritage, the National Heritage Memorial Fund, to say nothing of specialist interest groups like SAVÉ, compete for the public attention—and cash. The NACF, with its ponderous name, was in danger of being lost sight of in the rush.

Sir Peter inherited 12,000 members, invariably the well-heeled middle classes who used the NACF at local level like an up-market WI. Its capital was £24m, which provided interest of less than £200,000 a year to be spent acquiring works of art and passing them on to the most appropriate

museums. There were also bequests, and much of the capital came from the wills of deceased members.

Today the NACF is still a very middle class institution but it is 21,000 strong with a capital fund of £10m which will enable it to hand out around £1m this year. In recent months its prospects were much improved when a member left it £1m as well as some good works of art, and it has just received another £500,000 bequest out of the blue.

Sir Peter reckons to make up to £80 cash contributions a year but in most cases expects the receiving museum or art gallery

to raise some cash internally, and often works with other aid bodies like the Museum and Galleries Commission (which has had a year of government money as a purchase fund) or the National Heritage Fund.

Obviously most of the NACF's work goes unnoticed, except at the local level. The Topsash Museum Society in Devon for example was very happy to receive a couple of chairs and a mirror of around 1700 bought from local dealers by the NACF for £800, while at nearby Hounslow a lace flounce of around the same period found a natural home in the local museum thanks to £300 given by Tintoretto's "Cain" washing

the NACF and £200 from the museum.

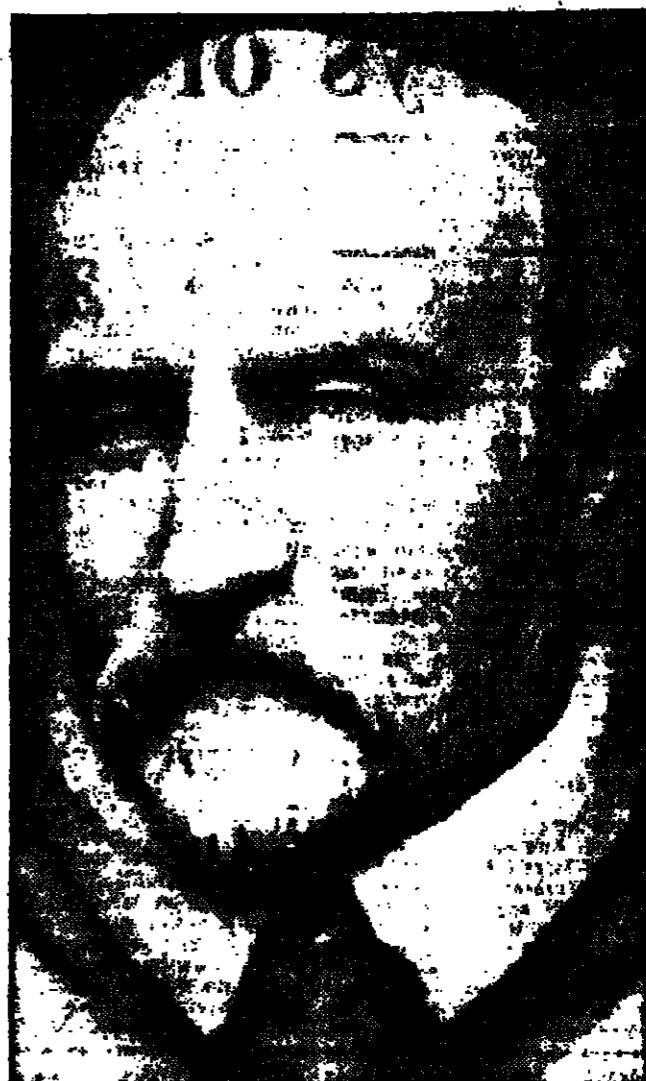
But while the majority of its deals fall into this category, it is when the major items of the national heritage are threatened that the NACF gets some of the limelight—and when its limitations are exposed. In times when one painting—"The Adoration of the Magi" by Mantegna—can sell for over £3m the NACF's resources look feeble. It was able to provide £300,000 of the £3m needed to keep Bernini's bust of Cardinal del Pozzo in the LVR (in Edinburgh); and £250,000 (a third of the fixed price) to retain Tintoretto's "Cain" washing

the "disciples' feet" in Newcastle. But if there was a sudden spate of exported works of art, Sir Peter would either have to fritter away all his capital or stand helplessly aside.

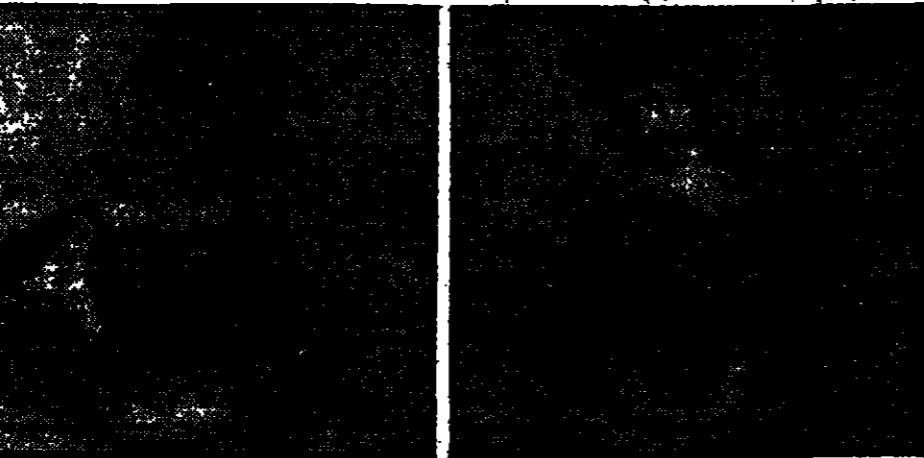
Inflation among the top works of art has risen faster than the natural environment as well as works of art, the NACF is the private enterprise ally/competitor which concentrates on objects. It does good by stealth—the V & A is currently negotiating its 500th acquisition made with NACF assistance and the British Museum has been helped by the Fund around 600 times. Yet two-thirds of its work is in the regions.

Sir Peter is slowly succeeding in raising the image of the NACF. He faces a harder task in broadening the membership to include younger, less affluent subscribers (at £10 a year). At least any suggestion of a merger with the property-based National Trust is now in the past. The NACF has found a niche in the heritage world as the friend of the small museum, the provider of the thousand or so pounds which make local efforts that much more obtainable. Its role could still be better known; its function more clearly defined. But the NACF has definitely turned a corner, and with its revitalised social, educational, and lobbying activities, added to its funding, it is a worthy, and very British, defender of our artistic past.

Antony Thorne



Bernini's bust of Cardinal del Pozzo



Double character teapots saved for the Cecil Higgins Art Gallery and Museum in Bedford

## ORIENTATIONS: COLLECTED WRITINGS BY PIERRE BOULEZ

Edited by Jean-Jacques Nattiez. Translated from the French by Martin Cooper. Faber, £25. 541 pages.

PIERRE BOULEZ: A SYMPOSIUM

Edited by William Glock. Eulenburg, \$12.00. 454 pages.

FOR ALL his justified fame as an exegesis and polemicist, Boulez's prose writings have been curiously hard to come by in English. Many of the essays in this sumptuous new collection have, it's true, appeared in English, but mostly scattered here and there in newspapers, concert programmes, and all those other familiar modern repositories of timeless wisdom which go to be recycled almost before you can say IRCAM. Their French original is the collection *Points de repère*, which first came out in 1981, but was already reprinted in an expanded form last year.

A few additional pieces appear for the first time in this English version, and Jean-Jacques Nattiez, the editor of the original collection, has contributed a new introduction which perhaps tries too

## Polemical pot-pourri

earnestly to infer some systematic basis to what is, after all, a pot-pourri of major essays and lectures from every period of Boulez's career, mixed up with *pièces d'occasion*, record sleeve-notes, newspaper interviews, obituaries: the journalistic sediment of this unbelievably energetic musician who, as Peter Heyworth once wrote, "manifestly finds it hard to say no."

Partly, though not entirely, because of its catch-all quality, *Orientations* presents a less insistently hectoring persona than Boulez's earlier collection *Relevés d'apprenti*, with its furious attacks on the modern-musical establishment alternating with utopian visions of the future. Some Sixties pieces which slipped through the Relevés net turn up here as reminders of the young Boulez's perpetual inner war between action and reflection—or, as one of the section titles in *Orientations* calls it, frenzy and

calm. There are technical chapters originally meant for inclusion in *Penser la musique aujourd'hui*, Boulez's attempt at the collection's Points de repère, which first came out in 1981, but was already reprinted in an expanded form last year.

There are technical chapters originally meant for inclusion in *Penser la musique aujourd'hui*, Boulez's attempt at

a post-serial composition "method," and some straight analyses of his own music, including the well-known (from footnotes) "Sonate, que me veux-tu?" and a study (taken from a letter to John Cage) of *Polyphony X*, a work which he himself later rejected as "a theoretical exaggeration."

On the other hand we find judicious, balanced and penetrating studies of the music of other composers (Wagner, Berg, Berio, Debussy) invariably deriving from Boulez's conducting experience but only in the reciprocal sense that his conducting has always based itself on a textual study that is, at fond, analytical and historically sophisticated.

It goes without saying that his stature as conductor came from his grasp of Berg's dictum that we should "passage the classics as if they were modern" and the moderns as if they were classic. And the same became true of his critical writing, once it shed that polemical urge which, in the early days, made it more exciting but perhaps less informative.

Stephen Walsh

sistency of philosophy. Boulez has reneged on little of importance, only the tone of his polemic has quietened, and from behind it has emerged a richer willingness to accept music which, 30 years ago, he would simply have jettisoned as irrelevant.

The Eulenburg symposium reciprocates nicely by giving us more in English about Boulez's own music than we have had in a single volume before. Heyworth's biographical survey (from the *New Yorker*) is reprinted, with a token date, but invaluable supplemented with a study of the history and workings of IRCAM by Jonathan Harvey. And there is exceptionally detailed work-studies by Gerald Bennett, Charles Rosen and Susan Bradshaw (this last almost of book length in itself). Celestine Deligé's examination of the conjunction between Boulez and Mallarmé, which extends an analysis of Boulez's own in *Orientations*, provides the book with an absorbingly speculative centrepiece, marred by what can only be called a non-translation.

Stephen Walsh

## Scattered words

THE CHELTENHAM Festival of Literature opened for its 20th year on Sunday evening with a Philip Larkin programme at Cheltenham Ladies College. It was to have been given by Patrick Garland and Alan Bates, but Mr Bates could not come and was replaced at the shortest of notice by Freddie Jones. Mr Garland was the "straight man" prompting Mr Jones into the reading of a poem or some critical or biographical writing. Both participants did their pieces excellently, but I was left wondering whether a whole Larkin evening was a good idea, for spite of his many felicities he is not a consistent poet. He writes of things that some of us care for, but in an alternative mood will show a positively nostalgic affection.

Mondays brought us a performance of Strindberg's *Dream Play* by a company called Tell Tale Theatre at Shaftesbury Hall. It is a play that calls less for acting than for presentation, and there were moments of considerable visual charm, achieved with only

resources. The company, six of them, played the 20 parts that remain in Ingmar Bergman's version of the play, are young enough to reflect Strindberg's rather unorthodox thoughts with apparent belief, and to speak his lines with the wisdom that he intended to fill them with. There were some effective stage-movements (Lorna Marshall), and some attractive music, particularly a duet for piano and double-bass (the work of John Jonson). Karen Micallef was the director, and the designer, who had to put her major efforts into the costumes, was Margaret Wozniak.

On Wednesday, outside the town at Bishops Cleeve

B. A. Young

Church, we heard an enjoyable dramatic tapestry woven from the words of critics disparaging Shakespeare and answered by the wiser critics who were able to show down such figures as Voltaire, Shaw or King George III with wiser judgment or with the words of Shakespeare himself. The lines were spoken by Richard Baker, Gabriel Woolf and Jill Nort-Bower (the last two of whom compiled the feature), and charmingly punctuated by songs and solos by the tenorist Robert Spencer.

As usual the first week of the festival has been scattered around the district, but from Sunday most items will be held in the Everyman Theatre.

## Records

### Cheapo discos

IT IS every record marketing manager's dream to be able to sell his product like packets of soap powder. Now it seems Marks & Spencer are set to do just that with the release of their own St Michael label. All the recordings are newly commissioned originals; they are available through selected stores, and sell at £2.99 for the LPs and cassettes, 79p for the compact discs.

From the initial batch it does not seem likely that Marks & Spencer will do recordings what they have done for coloured underwear. The selection of works is, to say the least, conservative: The Four Seasons, Eine Kleine Nachtmusik, the Trout Quintet, the Enigma Variations. Performances by the London Philharmonic conducted by Richard Armstrong and Barry Wordsworth are generally efficient, rather than ear-catching, and with very little research prospective purchasers could find much more characterful versions in any high-street record shop.

Two of the discs, though, do have something to offer, especially in their CD form. Compact disc has not yet served Elgar very faithfully, and the compilation of the Enigma with the Introduction and Allegro and the Serenade for Strings might be attractive to anyone wanting to fill a hole in their CD library; the performances are also marginally the best of the orchestral discs. Peter Donohoe's selection of Rachmaninov's Op. 32 Preludes and (strange camping) the first book of Debussy's Images is attractive in its own right, despite the closeness of the recording; his playing is vivid, full of colour and suggests a real sense of occasion lacking in all the others.

Andrew Clements

PRICES are tumbling! At long

last, heading the advice of such sage industry commentators as myself, the major video distributors are reducing the hitherto preposterous sums required for their wares. In a UK video market now teeming with maverick outfits offering low-cost classics and bargain issues—Video Collection, Channel 5, Stabclidean, etc—the majors can no longer afford competing. So October sees the launch of The Rank Picture Show, a classics division of Rank Video which will offer films like *The 39 Steps* and *Goldfinger* for under £10. And Warner and MGM/UA are likewise taking a deep breath and reducing to £9.99 their price for oldies and not-so-oldies like *Casablanca*, *The Maltese Falcon*, *Gastight*, *High Society*, *2001* and *Superman*.

This means that videos can at last start coming in, as they always should have done, at around the price of a book. The price cuts will also restore a more realistic perspective to the qualitative relationship between video-viewing and film-going. Once a month I wear my video hat to command good films to you for home viewing. But once a week I wear my other hat as film critic, to urge you to see movies in the place where they ideally should be seen: in a darkened theatre on a large screen.

What video allows you to do, very valuable with movie classics or films you want to see and resee, is to buy and treat a film as if it were a book.

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## Video

### Read any good films lately?

You can "read" it at your own pace, stop it and start it, go over certain scenes again. You can even, on the impenetrable viewing, skip view it and skip the boring bits. The only way you would have this power in a cinema is if you were the projectionist. And then you would be fired if you exercised it.

I strongly recommend this flexible-viewing approach to the month's star release, *Indiana Jones And The Temple Of Doom* (CIC). This Steven Spielberg romp partakes of the bad and the beautiful in equal measure. Use your freeze-frame button, to marvel at the film's natty work and technical trickery. (Most of the shot in which Indiana hangs from a cliff above a roaring torrent speckled with alligators is painted.) But use your forward picture-search button to whiz past the nastier bits of brutality and almost every scene featuring the screaming Kate Capshaw.

Nigel Andrews

daddy of colour epics, *War And Peace* (1956). Dimly related to story by one Leo Tolstoy, this is 19th century Russia, Hollywood-style. But it yields some thrilling visual compositions. Pore lovingly over the retreat from Moscow, as vast snow-scapes suddenly stir to reveal the soldiers underneath, walking from mid-march slumber. King Vidor directs. Andrei Hepburn and Henry Fonda star.

Elsewhere the best of the month are: *Streetwise* (Kasino), Martin Bell's harrowing documentary of teenage vice and life below the poverty line in Seattle; *Defence Of The Realm* (Rank), a British nuclear thriller directed for mega-flops by David Dryer; *Merie* (Cameron), with Sissy Spacek fighting state corruption in a truth-based story in Tennessee; and *This Is Spinal Tap* (Channel 5). Rob Deen's deliciously funny parody of a Beatles-style biopic, about a band whose hits include "Smell The Glove" and "Intravenous".

This last fits snugly into the same month with *Whom Foreign Skies* (CBS/Fox). This rockumentary about Whom's China tour was directed by Lindsay Anderson, no less, but plucked from his hands before final edit after a row between him and the darling duo. The resulting PR brochure in video form might be called "Bland On The Run"—but the music at least will be a must for fans.

Charlotte Keatley

IN HER PREVIOUS season as artistic director of the Liverpool Everyman, Glen Walkford gutted *Tosca* and *Macbeth*—to pull in local mainly young audiences. While she produced popular theatre with gimmicks, associate director Hans Duijvendak turns out popular theatre with style, in a stunning and intelligent production of *The Resistible Rise of Arturo Ui* which lives up to Brecht's maxim of "Theatre of imagination, humour and entertainment."

The design concept is enthralling and intelligent, a rare example of designer (Kari Fure), director and acting style working together. A raked thrust stage is flanked by two podiums from which the jazz is played or spectators observe the court scenes. Either side of these, huge splatters of white paint wash on the cyclone serve as projection screens for the scene titles. The set is doubled with abstract swathes in rotting vegetable colours, like a Brueghel painting, edged with callidowers. The most potentially exciting aspect of this production is to cast Fidelis Morgan as a female UI. Regrettably her performance is indecisive rather than alienating, to the extent that UI emerges as a puppet of Givola and Roma—not Brecht's intention. Dressed as a man, Fidelis Morgan veers between an increasing physical likeness to Hitler and the measured speech rhythms of Thatcher, but lapses in both.

Mulqueen is dying after a series of strokes that have left him with little but his recollection of the Circle Line, the Shostakovich concert and his Hebrew lady, Karen. Capriciously files to Dublin to visit him. He invites her into his bed—but he calls her Rachel. Mr Gallacher suggests that there could be a lasting relationship, but as it is obviously not going to last for long, it can hardly be taken seriously. I did not find it easy to believe in all I was told, but with this reservation I found the play touching in an early Joyce manner. Sarah Badel as Karen and Robert Stephens as a not very Irish Mulqueen was fine. Jeremy Howe was the director.

The Radio Programme is Radio 4's new spot for radio criticism. This week it was for criticism of Radio 4 programmes, which suggests Pick of the Week, rather than Kaleidoscope. But we shall see.

Radio 4 is currently ahead of Radio 3 for humour. They have begun a second series of Legal, Decent, Honest and Truthful, the half-hour pieces about a bunch of irresponsible advertising people in which Guy Jenkins is periodically interrupted by mock commercials (written by Jon Carter). As it happens, this week's story was not the best ever, but the

B. A. Young

## Radio

### Women's interests for all

each according to his worth." Now the peasant's land may partly be used for profit, and ingenuity and ambition may produce surprising results. One family breeding martins for fur made the equivalent of £10,000 last year. Televisions, refrigerators, new houses—even cars for the most prosperous—indicate a totally new way of life.

Michael Sheils, the presenter of the programme (which will be followed by another this afternoon), had far more to tell than he could adequately get into his half-hour—about houses, farming, doctors, hotels (one has been built and runs from private enterprise!),

scheme, and the burlesque advertising ethics, are good fun.

The Monday Play was, as it often is, about Ireland, but Lee Gallacher's *Expeditions* was set south of the border and contained no word of politics. Mulqueen, the hero, was first heard being very publicly courted by Rachel, his "lovely Hebrew lady," on the Circle Line. We were then transferred to a happily married couple, Karen and Paul. Their only connection with the other two was sharing a table after a concert at which Shostakovich's cello sonata seems to have attained some mystic importance.

## WEEKEND FT

SPORT

RUGBY UNION will cross its rubicon at the end of this season when the first World Cup is contested in New Zealand and Australia next May and June. In the meantime, the authorities are trying to build bridges over the muddy waters of professionalism and violence, which are washing away the foundations of an essentially amateur and once Corinthian game.

Against this background England open their international campaign today against Japan at Twickenham. If England do not score a locker full of points and win by a substantial margin, it will be further evidence of sad decline.

England's recent playing record makes depressing reading: winners of the Five Nations championship only twice outright since 1960; the last away victory in 1982, in Paris; last win in Cardiff in 1963; three crushing defeats in their most recent away internationals, conceding 42 points against New Zealand, 33 points against Scotland, and 29 against France.

Yet England has a potentially powerful base in terms of numbers and financial resources: 500,000 players, 2,000 clubs and 2,500 schools, and a turnover of £4.9m for the Rugby Football Union last year. In a sense, England's plight is a reflection of falling standards in

the northern hemisphere as a whole. Since the 1971 British Lions gained their famous first win in a Test series in New Zealand, standards of play there and in Australia have improved while Europe has marked time.

Even the French, at present the strongest team in Europe, made little impression this summer in their Tests in Australia and New Zealand — and the All Blacks were weakened by the ban on players who had been to South Africa with the "Cavaliers."

Yet of all the major rugby nations, England are the weakest. If there is to be a revival, it has to involve improvements in off-the-field administration as much as on-the-field skills. There are hopeful signs.

The first is Dudley Wood, who at 56 has been lured from his job as a senior manager with ICI to become secretary of the RFU. "I'm a businessman, and this is no way to run a business," he said of his new job. He has set himself the task

of streamlining the RFU's administration. In 12 years with ICI he has kept close contact with rugby, having gained a blue at Oxford, played for Bedford and then Streatham-Croydon until he was 37, and represented Surrey on the RFU.

"The RFU had reached a stage where the paperwork from all over the world had increased dramatically and all the letters, telexes and 'phone calls, often requiring routine decisions, were going through the secretary's office," says Wood. "I don't wish to do everyone's job, so I have transferred and delegated.

"My job is to give guidance to the RFU about where the game is going, not just to administrate. I am required to keep an eye on vulnerable areas, such as tobacco sponsorship, South Africa, violence, amateurism, and the relationship with the Rugby League.

"Dealing with injuries has been one of our success stories. And we must find controllable ways of making sure that the players do not lose out without opening the floodgates to people with money who do not have the interests of the game at heart."

But England's problems are many and varied, and this has provoked a confusing multiplicity of possible solutions. It is rightly said that England's top players do not face competition at the highest level, week in, week out, so that their fitness and skills are not honed to international sharpness. The latest solution is a league sys-

tem for the top clubs, in line with most of the other major rugby nations.

Ironically, this idea, which is not new and will not cure England's ills on its own, has been blocked by the highly democratic nature of the RFU.

However, top players are crying out for direction from selectors as to which competition would most improve their game, and therefore their chances of playing for England.

On the playing side, Mike Weston and Michael Green, respectively England's chairman of selectors and coach, have instituted a drive to improve the squad's fitness and to keep them better informed. Fitness has been put in the hands of Tom McNab, a Scottish polymath who has been Britain's athletics coach, technical adviser on *Chariots of Fire*, and a best selling novelist (*Flanagan's Run*). His role is to show squad players how to reach a peak and maintain it throughout a demanding season.

Alan Davies, a Welshman who in ten years has transformed Nottingham from obscurity to the top flight, has been brought in to improve communication between selectors and players, in addition to his main job which is to coach England B, work on skills, and offer advice as an associated selector. "We are trying to build up the trust of the players so that they know what the selectors expect of them and, if they are dropped, they are told why," he says.

He refuses to accept that English internationals are as lacking in skill as their critics suggest, but he agrees that there is room for improvement. "British players can't read the game as well as those in the southern hemisphere, not just the backs but the forwards. I believe that this can be taught."

These moves are welcomed by the players. Richard Hill, the Bath scrum half and captain who leads England for the first time today, says: "It seems that the World Cup has acted as a motivator to players and administrators to sort rugby out."

The players are also benefiting from sponsorship deals, through which they are kitted out. This is where rugby reached the amateur/professional divide, the subject of urgent discussions by the International Board in London this week. Very few players want to be

professional in the sense of being paid to play rugby. But they do feel, reasonably, that they should not be out of pocket on expenses as they have been in the past; and that decent expenses should be paid to international touring teams at an agreed rate, across the board.

There are also anomalies in the rules on amateur status. For instance, a player who receives payment for writing a book or article about rugby or for appearing on a sports quiz programme is deemed professional (and is banned from having anything to do with amateur players), whereas a man whose full-time job is writing or broadcasting about rugby retains his amateur status.

Confidence and self-esteem are important factors in international sport, as Richard Hill acknowledged. He is pleased that expenses claims are now being processed quickly by the RFU and that ticket allocation to players' families and friends has improved. The spirit in the England squad is good, but, in the words of Simon Halliday, the flying Bath centre who has suffered as much as anyone from the cruelty of injury and vagaries of selectors: "We must all reserve judgment and see what the international season brings."

Of all the major rugby-playing nations, England are the weakest. Report by Nicholas Keith

## Wakey-wakey time at Twickenham

**"If there is to be a revival, it has to involve improvements in administration as much as on-the-field skills"**

GREG NORMAN's late-season heroics in Europe must finally have convinced any good judge that the 31-year-old Australian is golf's player of the year, following what has proved a vintage season. But in America Norman will probably lose that honour in more than one poll to Bob Tway, the 27-year-old fast-rising star from Oklahoma, who, by playing on relentlessly in the US long after Norman had left, first for Europe and then for his home country, will probably out-distance the Australian's incredible total money winnings of a record \$655.296.

No one can denigrate Tway's performance in recording four American victories, including the PGA championship that he "stole" from Norman by holing out the most telling bunker shot in history at the 72nd hole. But it is a crying shame that money won should ever become a more important yardstick than worldwide winning performances.

Although Norman resolutely and sensibly refuses to look back, what a bitter-sweet year it has been for him. To have created the unique record of leading every one of the four major championships, after the third round, and come away winning only one, the British

Open at Turnberry, emphasises what might have been. Yet by winning the European Open at Sunningdale, leading the Australian team to victory in the Dunhill Cup at St Andrews, and then taking the World Matchplay Championship from his arch-rival, Sandy Lyle, on the Scot's home course, Wentworth, in one heady month, Norman became the first player ever to exceed \$1m in earnings world-wide in one year, and there will be more to come Down Under.

By comparison, Tway's American earnings pale into insignificance, at least in my book, although he, too, will pass the \$1m mark for 1986 sooner rather than later. The mighty dollar will lure him back to Europe this year. The mighty dollar will lure him back to the Slim Vantage Championship. But back to Ballesteros. After his extraordinary collapse at the US Masters he was hardly a factor thereafter in the major championships. It now seems obvious that he must put the past and his unseemly squabbles behind him and make a full-time attack on the American circuit if he is to retain his status as a truly great player.

All this drama tended to obscure the tremendous performance of Spain's Seve Ballesteros in winning five events in a six-week span in Europe. Likewise, Bernhard Langer of Germany won a fortune of money in America — \$372,091 to be exact — but no victory has eluded him in Flat Rock, North Carolina, all proceeds to be donated to the local hospital. Norman accepted. He and Chip Beck, the US Open runner-up and a local lad, and the eminent seniors Miller Barber and Gene Littler, were to compete for \$1,000 per hole in better ball matchplay — the juniors against the seniors. So, if Norman and Beck won all 18 holes, they would pocket but \$9,000 each, and I could guarantee

tee all four players no more than \$3,000 each as a minimum guarantee.

When play was rained out on September 13 at Sunningdale on the European Open my small world crumbled. It seemed extremely unlikely that Norman would now be able to catch Concord at 7pm on the Sunday evening as planned, and so it transpired. I shall never forget our subsequent trans-Atlantic telephone conversation. "Do you still want me?" Greg asked. "I'll be lynched if you don't show up!"

So Norman somehow caught the Monday morning Concorde. We had a chartered jet waiting for him in New York to whisk him on to Asheville, North Carolina.

As one might have expected, Norman's play was a trifle ragged, but certainly exciting

and he played two strokes that were fully worth the price of admission. At the par-three 196-yard 14th, into the teeth of a freshening breeze, his towering four iron shot stopped no more than two inches short of the hole, dead centre. At the 395-yards 18th, a sharp dog leg to the right, Norman, with the consent of the other three players, donated the \$1,000 at stake there to the hospital, since he and Beck had already won \$3,500 each to the seniors' \$2,500. Greg teed up his ball on a pencil and drove it through the dog leg over the 100 ft pines, some 40 yards short of the green.

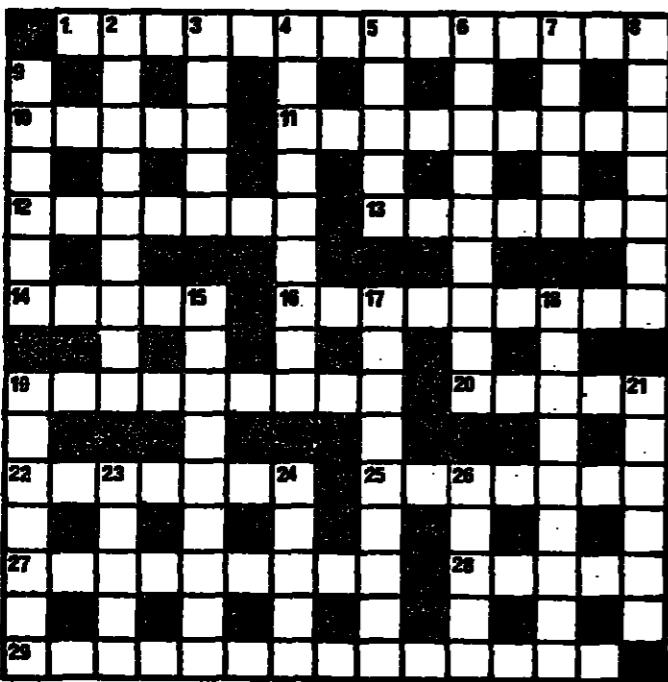
Duly exhausted, he flew home to Orlando, Florida, having helped to raise some \$40,000 for the hospital. Norman is the player of the year alright, and some of his less generous rivals might do well to learn from his wonderful example.

Ben Wright summarises a vintage season on the professional golf circuit

## The year Norman hit the heights

### F.T. CROSSWORD PUZZLE No. 6148

BINNUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Friday, marked Crossword on the envelope, to The editorial office, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

- 1 She will wear only matching sets (10)
- 2 Studied from Winchester, for example (5)
- 11 Miller finds Archers' bull by ridge (6)
- 12 Double cinema—jump in prepared (4-3)
- 13 Their own leave in such a haven? (7)
- 14 Poet displays a craft in two other headings (5)
- 15 Slim agent with licence? Bond's, we hear! (3)
- 16 Painting of force (3)
- 17 Mark in the nick (5)
- 22 Small purchase of one boot? (7)
- 23 Simple note? (7)
- 27 Absurd old character taking half strides? (9)
- 28 Reputation of party in our grasp (6)
- 29 Sees news—lights put out—there is no gravity in it (14)
- 30 DOWN
- 21 Merriment without it this term (6)
- 22 This boredom is a bit of a rotten nuisance (5)
- 24 How amusing—nobleman retiring at fifty? (5)
- 26 Prickly old character (5)
- Solution to Puzzle No. 6147

DREDGE GAUNTLET

EARING IN OAR

LAST NIGHT BORNE

ENIGMATIC

TEACHING QUESTIONS

UNIDENTIFIED

RAISELLE

ELIMINATED

STATUTE CESSION

SOOT

ALLEGEDLY

HOLILY

SHREWD

THROW DETONATOR

COAD

IS STEC

WATERPUMP MEATH

EDMUND

DRAGSY GRANDEUR

Mrs S. E. Robinson, Trinity, Jersey; Mr M. Anson, Glasgow; Mr F. A. Pirson, Crawley, West Sussex; Mr J. S. Barber, Oakham, Rutland; Mr E. A. Horntier, Porthcawl, Glamorgan.

### SATURDAY

t indicates programme in black and white

BBC 1

11.30 am Family-Mass. 8.35 The Merchant of Venice. 12.30 pm Superstore. 12.15 pm Grandstand from Teesside: Cycling (Nissan International Classic); Racing from Ascot; Hockey (FBI World Cup); 1.15 pm Show of the Year Show; Wembley, and at 4.40 Final Score. 5.05 News. 5.15 Regional programmes. 5.20 Roland Reiter — The Series. 5.45 Doctor Who. 6.15 The Royal Wedding. Late Breakfast. Show. 7.00 Everett Second Counts. 7.35 The Russ Abbott Show. 8.05 Casualty. 8.35 News and Sport. 9.10 Film: "The Pursuit of Happiness". 9.30 The American. 10.00 Saturday Night. 10.15 The Ministry of Sound (Ray Milland stars with Marjorie Reynolds). The Rockford Files.

BBC 2

1.15 pm Racing from York.

2.30 pm Club Football (Gloucester v Harlequins).

3.00 pm Club Rugby (Bath v Worcester).

3.30 pm Club Football (South Wales v Hereford).

4.00 pm Club Rugby (Cardiff v Gloucester).

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5.00 pm Club Football (Cardiff v Gloucester).

5.30 pm Club Football (South Wales v Hereford).

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